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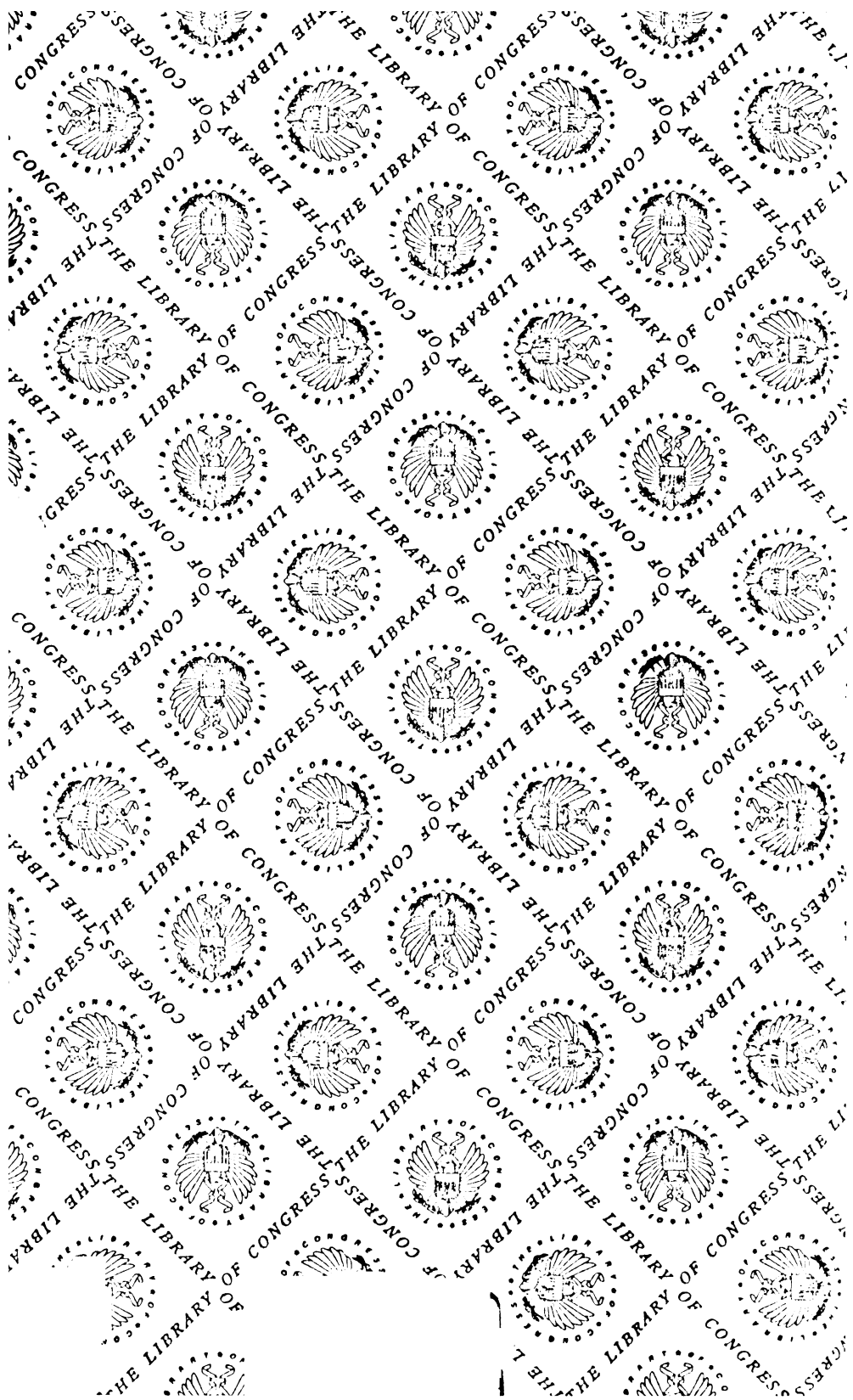
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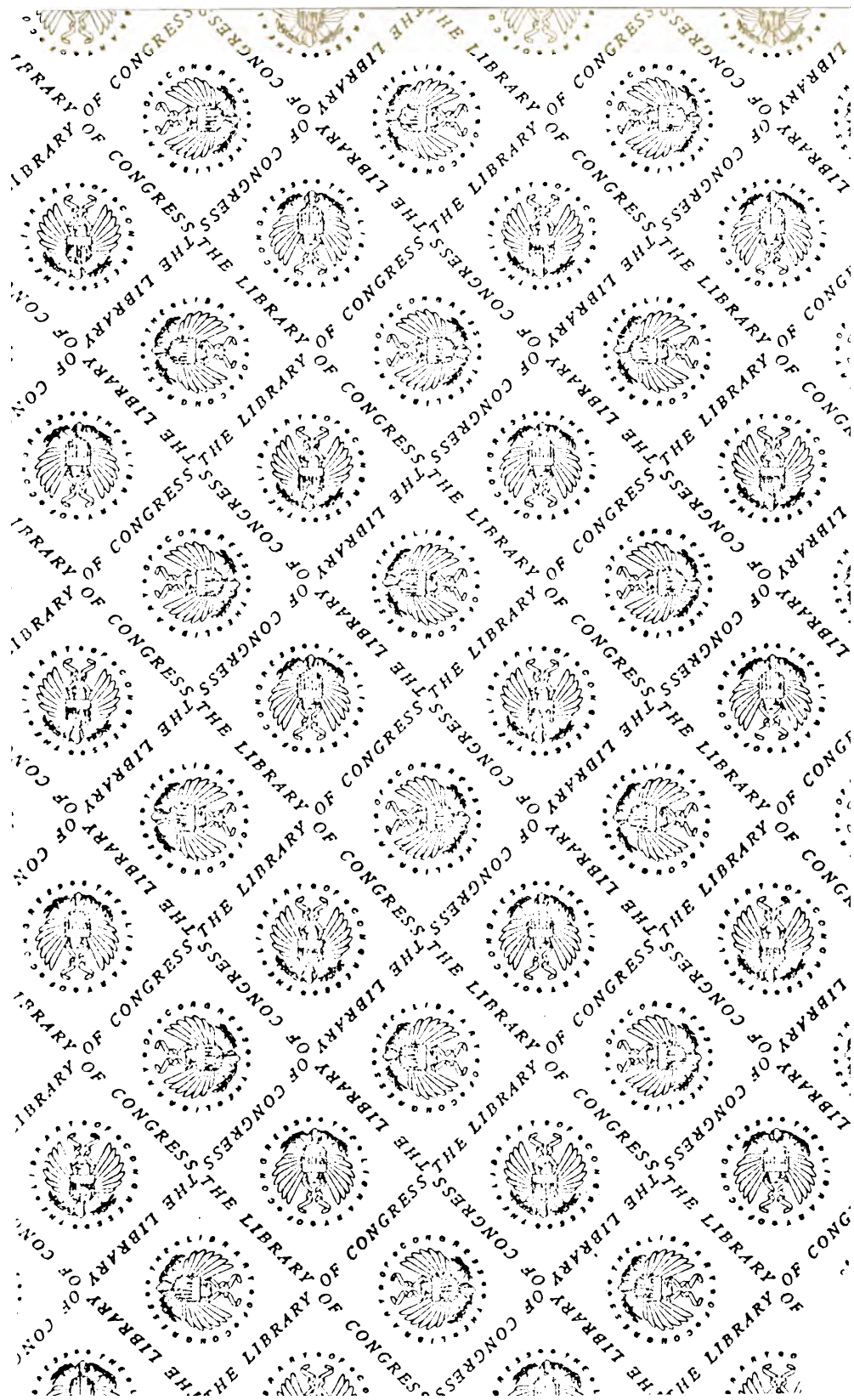
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HEARINGS

BEFORE THE

COMMITTEE ON THE TERRITORIES

OF THE

HOUSE OF REPRESENTATIVES

ON

THE BILL H. R. 18526, TO CONSTRUCT A RAILROAD AND TELEGRAPH
LINE IN THE DISTRICT OF ALASKA,

AND

THE BILL H. R. 18533, TO AID IN THE CONSTRUCTION OF A RAILROAD
AND TELEGRAPH AND TELEPHONE LINE IN THE
TERRITORY OF ALASKA.

February 2, 6, and 9, 1905.

WASHINGTON:
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RAILROAD AND TELEGRAPH AND TELEPHONE LINE IN ALASKA.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 2, 1905.

The committee met at 11.25 o'clock a. m., Hon. Edward L. Hamilton in the chair.

The bills under consideration by the committee were the following:

[H. R. 18526, Fifty-eighth Congress, third session.]

A BILL to construct a railroad and telegraph line in the district of Alaska.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Henry Bratnaber, of California; Charles F. Manderson, of Nebraska; George W. Holdrege, of Nebraska; George C. Hazelet, of Alaska; John Tod, of New York; James E. Kelby, of Nebraska, and Edward Gillette, of Wyoming, are hereby created into a body corporate and politic, in deed and in law, by the name, style, and title of "Trans-Alaska Railroad Company," and by that name shall have perpetual succession, may sue and be sued, plead and be impleaded, defend and be defended in all courts of law and equity within the United States; may make and use a common seal and the same alter at pleasure, and shall be able in law and in equity to make contracts; may take, hold, use, possess, and enjoy the fee simple or other title to real estate necessary to carry out the provisions of this act and the full realization of the purposes for which it is created; may sell, convey, pledge, mortgage, or dispose of the same, subject to the provisions of this act, and may make by-laws, rules, and regulations proper and necessary to carry into effect the provisions hereof not repugnant to the Constitution or laws of the United States or the provisions of this act, and shall have the usual and necessary powers, privileges, and immunities of companies created or organized for such purposes; and said corporation is hereby authorized and empowered to lay out, locate, construct, furnish, maintain, and enjoy a continuous railroad and telegraph, with the appurtenances, from a point on the north shore of Valdez Bay, near the town of Valdez, northerly toward and to Eagle City, on the Yukon River, in the district of Alaska.

SEC. 2. That any seven of the persons heretofore named shall constitute the first board of directors under this act, and shall hold their office until their successors shall be elected and qualified; they shall within one year from the date of the approval of this act, meet at such place and time as shall be designated by any three of them and

organize as a board of directors, and when organized they shall cause books to be opened for subscriptions to the capital stock of said company, at such time and place as they may designate, under the supervision of such person or persons as they may appoint for that purpose, and may continue the same open so long as they may deem proper, and may reopen the same when necessary until the whole of the authorized capital stock shall be subscribed.

SEC. 3. That the authorized capital stock of this company shall be ten millions of dollars, divided into one hundred thousand shares of the par value of one hundred dollars each. Stock may be issued in payment of any property acquired by and necessary to the lawful uses of the company, or in payment of labor performed, upon such reasonable and fair terms as the directors shall determine. Whenever two thousand shares of the capital stock shall be subscribed, and within thirty days thereafter, the directors shall cause an election to be called and held for the selection of seven directors, and shall give notice of the time and place in a daily newspaper of general circulation in the town of Valdez, Alaska, and in the cities of Chicago, Illinois, and New York, New York.

SEC. 4. That the annual meeting of the stockholders for the election of seven directors shall be held on the first Tuesday in January, nineteen hundred and six, and on the same day each year thereafter. In case of failure to hold the meeting at said time it may be held at such time and place as the directors shall designate, notice thereof to be published once in each week for four successive weeks in a daily newspaper published in the town of Valdez, Alaska, and in each of the cities of Chicago, Illinois, and New York, New York, and Seattle, Washington: *Provided*, That such called election shall be held not less than forty nor more than sixty days from the date of the first publication. The election of directors shall be by ballot, under the supervision of three tellers to be designated by the directors, to serve as such for the term of one year, and the seven persons receiving the highest number of votes shall be elected and shall continue in office until their successors be elected and qualified. A quorum of the stockholders for the transaction of any business shall be a majority in number of all stock issued and appearing of record ten days before any annual or special meeting. Every stockholder shall be entitled to one vote for each share held by him, and he may vote in person or by proxy. No stockholder who has failed to pay any assessment called on his stock, or who is not of record as a stockholder at least ten days prior to any meeting of the stockholders, shall be entitled to vote at any meeting thereof. Within three days after their election the directors shall meet and elect, from their number, a president, secretary, and treasurer, who shall each hold his office for the term for which he was elected director and until his successor be elected and qualified.

SEC. 5. That the directors shall appoint such officers, agents, and servants as the discharge of the business of the company may require; shall cause to be kept a journal of their proceedings and correct books of account; may determine what number of directors shall constitute a quorum; fix the salaries of the president and the officers and agents of the company, and take from any officer or agent such security for the exact and faithful performance of his duties as they may determine, and adopt such other measures and do such other

acts, not repugnant to the provisions of this act, as will be best calculated to promote the prosperity and usefulness of the company.

SEC. 6. That the directors shall be empowered to make, declare, and publish calls for the payment of the capital stock in such amounts and at such times and manner as they may deem proper; and if any stockholder or subscriber to stock shall fail or refuse to pay any call or calls within thirty days next after the time designated for payment, the company may maintain an action against any delinquent for the recovery of the amount due, including all prior unpaid calls, or the directors may, upon refusal or neglect to pay any call, declare the stock forfeited, and in the event of such forfeiture the directors may, without notice, sell the stock forfeited for the amount due thereon with accrued interest. No delinquent stockholder shall be entitled to participate in any meetings of the company nor vote thereat.

SEC. 7. That no person shall be a director in said company unless he shall be a bona fide holder of at least ten shares of its stock. The stockholders of said company at any regular meeting, or at any special meeting called for that purpose, shall have power to make such by-laws, rules, and regulations as they may deem needful and proper touching the disposition of the stock, property, estate, and effects of the company not inconsistent herewith, including the transfer of shares, terms of office, duties and conduct of officers, servants, agents, and employees, and all other matters and things necessary to carry into effect the purpose of this act.

SEC. 8. That said company, its successors and assigns, are hereby empowered to construct, build, erect, maintain, and operate at its terminus at the town of Valdez, in the district of Alaska, on the shore of Valdez Bay, such wharves as it shall deem and declare necessary for the proper performance of its business as a common carrier of freight and passengers, and the necessary grounds therefor are hereby granted to said company: *Provided*, That said company shall, within two years from the date of the approval of this act, file with the Secretary of the Interior a map or plat showing the location of such wharves: *Provided further*, That if, in the location and construction of said railroad, said corporation, its successors and assigns, shall deem it necessary to pass over and occupy any tide flats or tidelands between high and low water mark on the shore of Valdez Bay, it shall be, and hereby is, empowered to enter upon and appropriate the same for such right of way to an extent not exceeding fifty feet in width on each side of the center line of such road, as the same shall be located: *Provided further*, That any part of said railroad constructed across said tide lands shall be so constructed, maintained, and operated as not to interfere with or impede the natural flow of glacial streams: *Provided further*, That said company shall, within two years from the date of the approval of this act, file in the Department of the Secretary of the Interior its map of definite location designating the route of said railroad between the termini hereinbefore specified.

SEC. 9. That the right of way through the public lands in the district of Alaska, be, and the same is hereby, granted to said "Trans-Alaska Railroad Company," its successors and assigns, for the construction of a railroad and telegraph line between the termini hereinbefore mentioned and for such branch lines or spurs as said

company may hereafter determine upon, to the extent of two hundred feet on each side of the center line of said road; and the right, power, and authority are hereby granted to said company to take from the public lands adjacent to the line of said road, branches, and spurs, earth, stone, and timber necessary for the construction of said road, including ground adjacent to such right of way for station buildings, depots, machine shops, sidetracks, turn-outs, and water stations, not to exceed in amount twenty acres for each station, to the extent of one station for each five miles of road: *Provided*, That wherever said line passes through any canyon, pass, or defile, the right of said company to use and occupy any such canyon, pass, or defile shall be regulated and determined by the provisions of section two of the act entitled "An act granting to railroads the right of way through the public lands of the United States," approved March third, eighteen hundred and seventy-five: *Provided further*, That whenever, in the location of said line of road, it shall be necessary to pass over and occupy any private lands and possessory claims on the public lands they may be acquired by condemnation proceedings, the power for which is hereby granted unto said company, to be taken and had in accordance with section three of the act entitled "An act to amend an act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean and to secure to the Government the use of the same for postal, military, and other purposes,' approved July first, eighteen hundred and sixty-two," approved July second, eighteen hundred and sixty-four.

SEC. 10. That said Trans-Alaska Railroad shall be constructed in a substantial and workmanlike manner, with all the necessary draws, culverts, bridges, viaducts, crossings, turn-outs, stations, and rolling stock befitting the demands of the traffic; and said road shall be of uniform standard gauge throughout its entire length, including spurs and branches which may be hereafter constructed and operated; and said railroad may be operated by steam or electricity, or both, as may be determined by the directors of the company. Said corporation shall also construct, maintain, and operate a telegraph line of a substantial character, modern in every essential, along its entire line and branches.

SEC. 11. That each and every of the grants, rights, and privileges are so made and given to and accepted by said Trans-Alaska Railroad Company that said corporation shall commence the work on said road within two years from the approval of this act and shall complete not less than fifty miles per year after the second year, and shall construct, equip, furnish, and complete said line between the termini hereinafter mentioned within eight years from the date of the approval of this act.

SEC. 12. That said Trans-Alaska Railroad, or any part thereof, shall be a post route and military road, subject to the use of the United States for postal, military, and all other Government services, and also subject to such regulations as the Congress may impose restricting the charges for such Government transportation.

SEC. 13. That the acceptance of the terms, conditions, and impositions of this act by said Trans-Alaska Railroad Company shall be signified in writing under the corporate seal of said company, duly executed pursuant to the direction of its board of directors, which

acceptance shall be made within two years after the approval of this act and shall be filed in the Department of the Secretary of the Interior.

SEC. 14. That the directors of said company shall make an annual report of their receipts, expenditures, proceedings, and operations, verified by the affidavits of the president and at least four of the directors, which report shall be filed in the Department of the Secretary of the Interior. Said directors shall, from time to time, fix, determine, and regulate the fares, tolls, and charges to be received and paid for transportation of persons and property on said road and every part thereof; but such charges shall be just and reasonable.

SEC. 15. That said company is hereby authorized to accept, to its own use, any grant, donation, loan, power, franchise, aid, or assistance which may be granted to or conferred upon it by the Congress of the United States, by the legislature of any Territory, or by any corporation, private or municipal, or by any person or persons, and said corporation is authorized to hold and enjoy any such grant, donation, loan, power, franchise, aid, or assistance for the purpose aforesaid.

SEC. 16. That for the purpose of aiding in the construction, equipment, operation, and maintenance of said line of road, including branches and spurs, the Secretary of the Treasury of the United States is hereby empowered, authorized, and directed, on behalf of the United States, to enter into an agreement in writing, or contract of guaranty, with the Trans-Alaska Railroad Company, by the terms and provisions whereof the United States shall guarantee interest at the rate of four per centum per annum upon first lien bonds to be issued by said Trans-Alaska Railroad Company to the extent of forty thousand dollars for each and every mile of road constructed; said bonds to be payable thirty years from their date and to bear interest at the rate of five per centum per annum, interest to be paid semiannually according to the tenor of sixty coupon notes to be thereto annexed; said bonds to be properly secured by mortgage or deed of trust upon the said railroad, branches, and spurs, its and their equipment, franchises, and all other property, real, personal, and mixed, then owned and thereafter to be acquired; said contract of guaranty shall be signed on behalf of the United States by the Secretary of the Treasury, and on behalf of said Trans-Alaska Railroad Company by the president thereof, and shall contain, among others, the following provisions:

First. That no debt except as above provided shall be incurred by the said railroad company, its successors or assigns, by which a lien shall be created upon such railroad, its equipment, franchises, or other property, prior to the lien of the United States to secure the repayment of the interest paid, or to be paid, by it under said guaranty without the consent of the Congress of the United States thereto.

Second. That the said line of railroad between Valdez and Eagle City shall be constructed and equipped within the time limited in this act, or any extension of said time that may be granted by Congress for good cause shown.

Third. Said contract of guaranty shall be, in substance, indorsed upon said bonds and signed by the Secretary of the Treasury, and shall only be signed and delivered upon satisfactory proof, to be ascertained and determined as hereinafter provided, of the comple-

tion of said line of road in sections of not less than ten continuous miles each, except as to the final section of said road, said bonds shall be executed and delivered upon completion of the same.

Fourth. All payments made under said guaranty shall be from the time the same are paid a lien upon said railroad and its property then owned and thereafter to be acquired subject only to the lien of said mortgage or deed of trust securing said bonds, the interest upon which are so hereby provided to be guaranteed, and the total sum paid under such guaranty shall, at the expiration thereof, be payable to the United States upon demand, and in default of such payment said lien shall be immediately foreclosable.

SEC. 17. That whenever the president of said company shall report, in writing, to the Secretary of the Treasury, under the corporate seal of the corporation, that any section of ten miles of said road has been completed in the manner herein provided the President of the United States shall appoint a commissioner to examine the same and report to the Secretary of the Treasury in relation thereto; and said commissioner shall, immediately, or as soon as may be after his appointment, proceed to an examination of the section thus completed, and if it shall appear to him that ten miles of said railroad have been completed in all respects as required by this act, then, upon his certificate to that effect, filed with the Secretary of the Treasury, the Secretary shall, upon presentation of said bonds, execute thereon and deliver the guaranty aforesaid to the holder or holders thereof to the extent aforesaid. Said commissioner shall serve during the pleasure of the President of the United States, and shall, after receiving his said appointment, and before proceeding to an examination of said railroad, take and file an oath, in writing, that he will faithfully examine said railroad and make a true and correct report in relation thereto. Said commissioner shall receive the sum of one thousand dollars per annum, together with his reasonable expenses and a per diem of not exceeding twenty-five dollars per day for each and every day he shall be actually engaged in the performance of his duties, which time shall be computed from the day of his departure from his place of residence and end upon his return thereto. Said salary, expenses, and per diem shall be borne and paid by said railroad company, its successors, and assigns.

[H. R. 18533, Fifty-eighth Congress, third session.]

A BILL to aid in the construction of a railroad and telegraph and telephone line in the Territory of Alaska.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That William L. Bull, Grant B. Schley, Winthrop Smith, William S. McLean, Sabin W. Colton, junior, W. Frederick Snyder, Irving A. Stearns, William M. Barnum, William B. Kurtz, Andrew F. Burleigh, John Rosene, and all such other persons who shall or may be associated with them and their successors are hereby created and erected into a body corporate and politic in deed and in law by the name, style, and title of the "Alaska Railroad Company," and by that name shall have perpetual succession and shall be able to sue and to be sued in all courts

of law and equity within the United States and its Territories and to make and have a common seal. And said corporation is hereby authorized and empowered to lay out, locate, construct, furnish, maintain, and enjoy a continuous railroad, telegraph, and telephone line and branches, with the appurtenances, namely: Beginning at a point on the Gulf of Alaska, in the Territory of Alaska; thence northerly by the most eligible route, as shall be determined by said company, within the territory of the United States, to a point on the Yukon River at or near Eagle; and is hereby vested with all the powers, privileges, and immunities necessary to carry into effect the purposes of this act as herein set forth. The capital stock of said company may consist of two hundred thousand shares of one hundred dollars each, all of the same class and grade, or of such lesser amount as the board of directors of said company may by by-laws determine, which said stock shall, in all respects, be deemed personal property, and shall be transferable in such manner as the by-laws of said corporation shall provide. The persons hereinbefore named are hereby appointed and constituted the first directors of said corporation, to hold their said offices until their successors are duly elected, at the first stockholders' meeting, to be held as hereinafter provided, and qualify, of whom seven shall be a quorum for the transaction of business, which said stockholders' meeting shall be held within six months after the passage of this act. The board of directors of said corporation, after the board hereinbefore constituted as the first board of directors, shall consist of nine persons, five of whom shall constitute a quorum, and said board of directors shall be invested with all the corporate powers of said company. The first meeting of said first board of directors shall be held at such time and place in the city of New York, in the State of New York, as may be designated by a notice delivered to each of said persons hereinbefore named and signed by not less than three of the said persons hereinbefore named, said first meeting to be held not later than ninety days after the passage of this act. Said first board shall organize by the choice from its number of a president, vice-president, secretary, and treasurer, and they shall require from said treasurer such bonds as may be deemed proper, and may, from time to time, change the amount thereof at their discretion. The secretary shall be sworn to the faithful performance of his duties, and such oath shall be entered upon the records of the company, signed by him, with the oath verified thereon. The president and secretary of said board shall in like manner call all other meetings, naming the time and place thereof. It shall be the duty of said first board of directors to open books, or cause books to be opened, at such time and place as they, or a quorum of them, shall determine, within four months after the passage of this act, to receive subscriptions to the capital stock of said corporation. So soon as five thousand shares shall in good faith be subscribed for the said president and secretary of said first board of directors shall appoint a time and place for the first meeting of the subscribers to the stock of said company and shall give notice thereof either personally to each subscriber by mailing to his address, as shown by the books, or in a newspaper published in the city of New York at least fifteen days previous to the day of meeting. Such subscribers as shall attend the meeting so called, either in person or by lawful proxy, then and there shall elect by ballot nine directors for

said corporation, and in such election each share of said capital stock shall entitle the owner thereof to one vote. The president and secretary of said first board of directors, and in case of their absence or inability any two of the officers of said board, shall act as inspectors of said election and shall certify under their hands the names of the directors elected at said meeting. The said first directors, treasurer, and secretary shall then deliver over to said directors all the property, subscription books, and other books in their possession, and thereupon the duties of said first directors and the officers previously appointed by them shall cease and determine forever. Thereafter the stockholders shall constitute said body politic and corporate. Annual meetings of the stockholders of said corporation for the choice of officers and for the transaction of business shall be holden at such time and place and upon such notice as may be prescribed by the by-laws.

SEC. 2. That the right of way through the lands of the United States in the Territory of Alaska for a standard-gauge railroad, telegraph, and telephone line is hereby granted to the "Alaska Railroad Company" from some point on the Gulf of Alaska, to be determined by said company, to a point on the Yukon River, at or near Eagle, by the most eligible route, the same to be built wholly within American territory, to the extent of one hundred feet on each side of the center line of its railroad; also the right to take from the lands of the United States adjacent to the lines of said road materials, earth, stone, and timber necessary for the construction of said railroad, telegraph, and telephone line; also the right to take for railroad uses, subject to the reservation of all minerals and coal therein, public lands adjacent to said right of way for station buildings, depots, machine shops, side tracks, turn-outs, water stations, and terminals and other legitimate railroad purposes, not to exceed in amount twenty acres for each station, to the extent of one station for each ten miles of its road, excepting at terminals and junction points, which may include an additional forty acres, to be limited on navigable waters to eighty rods on the shore line, and with the right to use such additional ground as in the opinion of the Secretary of the Interior may be necessary where there are heavy cuts and fills: *Provided*, That at the ocean terminal of said road on the Pacific said terminal lands hereby granted shall include one hundred and sixty acres and shall be limited to one hundred and sixty rods on the shore line: *And provided further*, That nothing herein contained shall be construed to give to such railroad company, its lessees, grantees, or assigns, the ownership or use of minerals, including coal, within the limits of its right of way, or of the lands hereby granted: *Provided further*, That all mining operations transacted or undertaken within the limits of such right of way or of the lands hereby granted shall, under rules and regulations to be prescribed by the Secretary of the Interior, be so conducted as not to injure or interfere with the property or operation of said railroad over its said lands and right of way. And when said railroad shall connect with any navigable stream or tide water, such company shall have power to construct, maintain, and operate such piers, wharves, docks, bunkers, and terminals as may be necessary and convenient for connection with water transportation, and for that purpose may take, possess, and use the shores in front of said terminals and

extend said piers, wharves, docks, bunkers, and terminals to deep water, subject to the supervision of the Secretary of the Treasury. That all charges for the transportation of freight and passengers on said railroad shall be just, fair, and reasonable, and shall be subject to all the provisions of an act entitled "An act to regulate commerce," approved February fourth, eighteen hundred and eighty-seven, and all other acts amendatory or supplemental thereof.

SEC. 3. That said company, where its right of way or where its tracks upon such right of way passes through any canyon, pass, or defile, shall not prevent any other railroad company from the use and occupancy of said canyon, pass, or defile for the purposes of its railroad or the crossings of its roads at grade, upon such terms and compensation as are just, and the location of its right of way through any canyon, pass, or defile shall not cause the disuse of any tramway, wagon road, or other public highway now located therein, nor prevent the location through the same of any such tramway, wagon road, or highway where the same may be necessary for the public accommodation, provided the same shall not be so located or constructed as to impair the use of such railroad, telegraph, and telephone. And where any change in the location of such tramway, wagon road, or highway is necessary to permit the passage of such railroad through any canyon, pass, or defile the said company shall, before entering upon the ground occupied by such tramway, wagon road, or highway for construction purposes, cause the same to be reconstructed, at its own expense, in the most favorable location and in as perfect a manner as the original road or tramway: *Provided*, That such expenses shall be equitably divided between said company and any other railroad companies that may now or hereafter keep and use the same canyon, pass, or defile, and that where the space is so limited that it is necessary for said railroads to occupy and use the same tracks or roadbed if the said companies can not agree upon terms and compensation for such use the same shall be determined by the United States district court for Alaska having jurisdiction over such place. And nothing herein shall deprive Congress of the right to regulate the charges for freight, passengers, or wharfage.

SEC. 4. That where said company shall, in the construction of said railroad, telegraph, and telephone lines, find it necessary to pass over private lands and possessory claims on lands of the United States, in case it can not agree with the owners or claimants for right of way, it may condemn the same in accordance with section three of the act entitled "An act to amend an act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,' approved July first, eighteen hundred and sixty-two," approved July second, eighteen hundred and sixty-four: *Provided further*, That said company, by filing with the Secretary of the Interior a preliminary plat of its proposed route, shall have the right at any time within one year thereafter to file the map of definite location provided for in this act; and said preliminary plat shall, from the time of filing the same, have the effect to render all the lands upon which said preliminary plat and route shall pass subject to said right of way.

SEC. 5. That said company shall within one year from the date of filing said preliminary plat or map of location of its road, as here-

inbefore prescribed, whether upon surveyed or unsurveyed lands, file with the register of the land office for the district where such land is located a map and profile of at least a twenty-mile section of its road as definitely fixed, and shall thereafter each year definitely locate and file a map of such location as aforesaid, but not less than twenty miles additional of its line of road, until the entire road has been thus definitely located, and upon the approval thereof by the Secretary of the Interior the same shall be noted upon the records of said office, and thereafter all such lands over which such right of way shall pass shall be disposed of subject to such right of way: *Provided, That* if any twenty-mile section of said road shall not be completed within one year after the approval of said map of definite location by the Secretary of the Interior, or if the map of definite location shall not be filed within one year as herein required, or if the entire road shall not be completed within five years from the filing of the map of definite location, the rights herein granted may be forfeited as to any uncompleted portion of said railroad by Congress.

SEC. 6. That said Alaska railroad shall be constructed in a substantial and workmanlike manner with all the necessary draws, culverts, bridges, viaducts, crossings, turnouts, stations, and watering places, and all other appurtenances, including furniture and rolling stock, equal in all respects to railroads of the first class when prepared for business, with rails of the best quality, and there shall be constructed a telegraph and telephone line of the most substantial and improved description to be operated along the entire line: *Provided, That* the said company shall not charge the Government higher rates than they do individuals for like transportation and telegraph and telephone service. And it shall be the duty of the said Alaska Railroad Company to permit any other railroad which shall be authorized to be built in Alaska to form running connections with it on fair and equitable terms.

SEC. 7. That the provisions of this act, except the guarantee by the United States provided for in section eight, shall extend to such branch lines of railroad as said company may desire to construct, maintain, and operate.

SEC. 8. That the company shall have power to borrow money and secure the same by mortgage or otherwise. For the purpose of aiding in the construction, equipment, operation, and maintenance of said railroad from the Gulf of Alaska to the Yukon River at or near Eagle, in Alaska, the United States hereby guarantees, when said railroad is entirely completed and in operation, interest upon first-lien bonds properly secured by a first mortgage or deed of trust upon the said line of railroad, its equipment, franchises, and other property, real, personal, and mixed, then owned and thereafter to be acquired, at the rate of four per centum per annum for a period of thirty years from the time said line of railroad is completed and in operation, to the amount of thirty thousand dollars per mile upon a mileage of not exceeding five hundred miles. Such guarantee shall, upon the completion of said railroad from the Gulf of Alaska to the Yukon River at or near Eagle, and when the same is in operation, at the request of said company, be indorsed upon said bonds by the Secretary of the Treasury. That no debt except as above provided shall be incurred by any undertaking of said railroad company, its successors, or assigns, by which a lien shall be created upon said line

of railroad or its equipment, prior to the lien of the United States, to secure the repayment of the interest paid by it under said guarantee, without the consent of the Congress. All payments of interest made by the United States under this guarantee shall be from the time the same are paid, a lien upon said line of railroad and its equipment, then owned or thereafter to be acquired, subject only to the lien of the said mortgage or deed of trust, and shall be a first lien on the net earnings of the railroad, to be repaid yearly to the United States from such net earnings; and all sums of guaranteed interest paid by the United States not repaid to the United States from the net earnings of the railroad as aforesaid, shall be due and payable to the United States upon demand when the period for which the interest, guaranteed as aforesaid, has expired, and in default of such payment the collection of the same may be enforced by foreclosure and sale as in the case of a mortgage or deed of trust: *Provided*, That in no event shall the total annual contingent liability of the United States, under the guarantee authorized by this section, at any time exceed the sum of six hundred thousand dollars, and such guarantee shall continue for the period of thirty years from the date when it is indorsed upon said bonds by the Secretary of the Treasury. Such bonds, however, as the company may issue upon its branch lines may run for such period and bear such rate of interest as the company may determine.

SEC. 9. That said Alaska railroad and any and all branches it may construct, or any part thereof, shall be a post route and military road, subject to the use of the United States, for postal, military, naval, and all other Government service, and also subject to such regulations as Congress may impose restricting the charges for such Government transportation: *Provided*, That said company shall be exempt from license or other tax for five years from the passing of this act.

SEC. 10. That the directors of said company shall make an annual report of their receipt and expenditures, verified by the affidavits of the president and at least five of the directors, to the Secretary of Commerce and Labor.

SEC. 11. That the directors chosen by the stockholders in pursuance of the first section of this act shall, so soon as may be after their election, elect from their own number a president and vice-president, and said board of directors shall from time to time, and so soon as may be after their election, choose a treasurer and secretary, who shall hold their offices at the will and pleasure of the board of directors. The treasurer and secretary shall give such bonds with such security as the board may from time to time require. The secretary shall, before entering upon his duties, be sworn to the faithful discharge thereof, and said oath shall be made a matter of record upon the books of the corporation. No person shall be a director of said company unless he shall be a stockholder and qualified to vote for directors at the election at which he shall be chosen.

SEC. 12. That the president, vice-president, and directors shall hold their offices for the period indicated in the by-laws of said company, not exceeding three years, respectively, and until others are chosen in their place and qualify. In case it shall so happen that an election of directors shall not be made on any day appointed by the by-laws of said company the corporation shall not for that reason

be deemed to be dissolved, but such election may be held on any day which shall be appointed by the directors. The directors, of whom five, including the president, shall be a quorum for the transaction of business, shall have full power to make and prescribe such by-laws, rules, and regulations as they shall deem needful and proper touching the disposition and management of the stock, property, estate, and effects of the company, the transfer of shares, the duties and conduct of their officers and servants touching the election and meeting of the directors, and all matters whatsoever which may appertain to the concerns of said company. And the said board of directors may have full power to fill any vacancy or vacancies that may occur from any cause or causes from time to time in their said board; and the said board of directors shall have power to appoint such engineers, agents, and subordinates as may from time to time be necessary to carry into effect the objects of the company, and to do all acts and things touching the location and construction of said road.

SEC. 13. That it shall be lawful for the directors of said company to require or receive payment in cash, or in property at its cash value, upon all subscriptions received of all subscribers at such times and in such proportions and on such conditions as they shall deem to be necessary to completely carry out the objects of this act. Sixty days' previous notice shall be given of the payments required and of the time and place of payment by publishing a notice once a week in one daily newspaper in the city of New York and by mailing a notice thereof to each subscriber from whom such payment is due, addressed to him at the address given upon the books of the company. And in case any stockholder shall neglect or refuse to pay, in pursuance of such notice, the stock held by such person may be sold at public auction to the highest bidder, and the company may bid therefor to the amount due it upon such subscription, subject to the condition that the board of directors may allow any stockholder to redeem his stock when so sold on such terms as they may prescribe.

SEC. 14. That the better to accomplish the object of this act, namely, to promote the public interest and welfare by the construction of said railroad, telegraph, and telephone, and keeping the same in working order and to secure to the Government at all times the use and benefits of the same for postal, military, and other purposes, Congress may at any time, having due regard for the rights of the said Alaska Railroad Company, add to, alter, amend, or repeal this act.

The CHAIRMAN. These two bills have been referred to this committee, one introduced by Mr. Mondell and one by Mr. Cushman. You have been called together this morning for the purpose, particularly, of saying what action you desire to take with reference to these bills. The chair will state in this connection that he has referred the bills to the Secretary of the Interior for any report that the Secretary might choose to make in relation to them, and there was nothing further that could be done. We could not get a report, of course, in time for this meeting, but that communication can be referred to any future meeting of the committee or to any subcommittee that may be appointed.

Mr. LLOYD. As I understand it, both of these bills, while they are entirely different in so far as the parties named in them are concerned—neither having anything to do with the other—have in

view the same purpose—that is, they both look to the construction of a railroad in Alaska, in pretty much the same district, and to the assumption on the part of the Government of certain liabilities in connection with the building of that road.

The CHAIRMAN. I so understand it.

Mr. LLOYD. A hearing on the one bill would be practically the same as a hearing on the other so far as the merits of the enterprise are concerned, and I do not see why we should not go on with the hearing to-day without waiting to hear from the Secretary.

Mr. MOON. Has this matter been referred to a subcommittee?

Mr. ROBINSON. No; and I think we had better have a general hearing. It is a matter of general importance.

Mr. LLOYD. My theory is that it is the thing now for the full committee to have a hearing, and at the conclusion of the hearing if the full committee sees fit to do so it can refer the matter to a subcommittee.

STATEMENT OF MR. ANDREW F. BURLEIGH.

The CHAIRMAN. Please state your name and residence to the stenographer.

Mr. BURLEIGH. Andrew F. Burleigh, 25 Broad street, New York City.

Mr. Chairman and gentlemen of the committee, as the representative of the bill No. 18533, I desire to make a brief statement in regard to this railroad proposition.

Mr. LLOYD. Do you come here as the representative of the promoters of this railroad scheme?

Mr. BURLEIGH. I come as the representative of the syndicate which agrees to build this railroad if we can get this bill through Congress, and which has been formed for that purpose.

Alaska is an American possession which has been populated and exploited by American citizens. The Yukon River, which is the principal waterway within that territory, extends from a point in Canada through America to Bering Sea. The upper reaches of that river open in the spring from a month to six weeks earlier and close in the fall a month to six weeks later than the Bering Sea and the lower part of the river, by which at present we get access to the upper part of Alaska without going through foreign territory. The proposition involved in this railroad enterprise is to build a railroad connecting the Gulf of Alaska, which is the North Pacific Ocean, and which is always open for navigation by way of the Copper River Valley and Minetaska Pass and the Tanana and Fortymile districts in Alaska, with the upper Yukon River at Eagle, or about there, directly west of the international boundary, thereby giving the United States and its citizens access to that river and its navigation when it is open and capable of being navigated.

On the line of this proposed railroad there have been discovered coal fields which the United States Geological Survey has pronounced to be of the finest quality. The quality of that coal has been pronounced by the United States Geological Survey to be equal to or slightly superior to the Pocahontas steam coal in West Virginia, which is regarded as one of the best steam coals in this country. They have veins there, according to the official reports, which are

from 5 or 6 all the way up to 70 feet in thickness, of solid coal. One vein, reported on by Professor Martin, he found to be 20 feet thick without any waste or partings of any kind. Governor Brady has reported on another, opened in the summer of 1894, 70 feet thick. Professor Martin says that is the best coal mine on the Pacific, whether in Australia, the United States, or Canada.

Now, the primary object of building this railroad, of course, so far as the syndicate I am representing is concerned, is to develop the resources of this country. Passing through this coal area, when you get back into the country 150 miles to what is called the Wrangell range of mountains, you come to a copper belt, 60 miles in length, along the ranges and flanks of these mountains, which produce and show outcroppings from the earth of the highest grade of copper ores that have been discovered in the world. And I am assured by miners of world-wide experience and reputation that in their opinion eventually that district, when furnished with the necessary transportation, will control the world's copper market.

When you pass beyond that range into the Tanana River Valley and the valley of the Fortymile River, emptying into the Yukon, you come into a region where there are hundreds of thousands of acres of placer ground that will pay \$5 or \$6 or \$7 a day; but, being remote from the waterways, the cost of operation is so great that men can not work there and make wages in that country. Other parts of that field are so remote from these waterways that men going in to prospect them find that, with all the provisions they can carry with the means at hand, about all they can do is to go into the country and prospect for a week or two in the summer time and then come back. Now, the object of this railroad, so far as the gentlemen I represent are concerned, is to open up and develop that country, to give these people transportation facilities for freight and passengers, the result of which, of course, will be to give the Government also transportation facilities, and to develop the country by an influx of population which I have no doubt will be very large if the railroad is built.

Alaska is a remote region, and while Alaska people are fully conversant with its resources and some gentlemen who have made a study of it are also familiar with them, the public generally is not, as a general rule, well informed as to the resources and conditions of that country, and we have come here, following the recommendation made by the President in his message to Congress that the Government should aid in such manner as is just and feasible in the construction of a trunk line or railroad from the Gulf of Alaska to the Yukon River, asking the Government to lend its credit to this enterprise upon lines somewhat similar to those followed in the Philippine legislation. Under the Philippine bill the government of the Philippine Islands is authorized by Congress to guarantee a return, or a net rate, of 4 per cent upon bonds of those railroads to be issued and to run for thirty years. Under that legislation if the government is called upon to pay that interest or any part of it they have a lien upon the property, but the lien is not foreclosable until the expiration of the thirty-year period.

Now, we have asked a guaranty upon the basis of \$30,000 per mile on a mileage not exceeding 500 miles, so that the utmost limit would

be \$15,000,000, or \$600,000 a year. We give the Government by this bill a lien upon our net earnings for the repayment yearly of any sum that it may be called upon to pay out under the guaranty. If there should be a balance left over and above the net earnings of the road, then the Government has a right to foreclose its lien at the end of the guaranty period. Under the Philippine legislation it is provided that the guaranty shall be given as each 20 miles of railroad is constructed and completed. Under our bill we have undertaken to build this railroad through from the gulf to the river, a distance of about 475 miles, before the Government attaches its guaranty to the bonds. In other words, we undertake to give you exactly what you call for, what you desire, namely, a through route from the ocean to the Yukon River, before we get any guaranty.

It was suggested by a distinguished member of Congress that perhaps if this matter was guaranteed we might build our railroad in to the coal and in to the copper, and then we might quit and not go ahead with it. In order to meet any possible objection of that kind we have undertaken, and are willing, to finance this railroad and build it from the ocean to the river before the guaranty becomes operative, so that the United States beyond all peradventure will receive the consideration for which it gives the guaranty.

These bonds are limited to the main line. In order to develop this country it will be necessary to build many branches, at least four or five, one or two of which will be 100 miles long. We have asked no guaranty in regard to those branch lines because they will be constructed for the development of particular mining districts and will be built upon the merits of their earning capacity.

The reason that we ask a guaranty from the United States Government is this: If we organized a company and undertook to build that railroad and to raise money by the sale of bonds we could not expect that the public knowledge of Alaska prevalent would enable us to get for those bonds more than 65 or 70 cents on the dollar. Now, that would put a burden of indebtedness upon the enterprise over and above the cash that we can realize to put into it that would make it questionable whether the enterprise could be made to pay or not, and of course if such a burden of debt was put upon it the patrons of the road, the citizens in that country, would have to bear it, because these things after all come back to the public and the people who patronize the railroad. If the Government will lend its aid to the enterprise, if it is worthy of consideration to that extent, these bonds can be sold at par, and every dollar that is realized from their sale will be invested in this railroad.

That is a general statement, Mr. Chairman, of the proposition. I desire, however, to say this: That this enterprise is entirely independent of any other enterprise. It is entirely independent of the enterprise mentioned in the other bill introduced by Mr. Mondell. Those two bills came here, so far as I know, without any understanding or knowledge on the part of the proponents of one of the purposes of the other. I think, however, that we are all agreed, in the first place, that a railroad is absolutely essential to the development of the country. I think we are all agreed also that Government aid is necessary if that railroad is to be built:

As to the question of whose proposition is best for the Govern-

ment or will commend itself to your approval, that is a matter which you gentlemen will probably determine when you consider the provisions of the bills and the character of the men who are behind them. And with this statement I leave the matter to you.

Mr. LLOYD. In general terms, would you feel at liberty to give this committee an idea of the character of the men who represent your enterprise?

Mr. BURLEIGH. Yes, sir; I will be very glad to do that. Mr. William L. Bull, of New York, is the head of the banking and brokerage firm of Edward Sweet & Co. Mr. Bull is a man of large means, and is largely interested in railroads, and has been president of railroads, and is connected with railroad corporations in the United States.

Mr. Grant B. Schley is the surviving member of the firm of Moore & Schley, of New York, and is a gentleman of reputation and standing and character and wealth in that city.

William M. Barnum is a member of the banking house of Harvey Fiske & Sons, a banking house in New York who have been doing business and handling Government bonds and enterprises in this country for many years.

Winthrop Smith is a banker in Philadelphia.

Mr. Colton—Sabin W. Colton, jr.—is the senior partner of the banking house of E. W. Clark & Co., of Philadelphia.

W. Frederick Snyder is president of the Northern Trust Company in Philadelphia, and is the president of the business committee of the Girard National Bank, in Philadelphia, which is one of the largest banking institutions there.

William S. McLean is president of the First National Bank in Harrisburg, Pa.

Irving A. Stearns is president of the Cox Brothers Company, coal operators in that State, perhaps the largest in the world; a man of wealth and a man of resources.

Mr. Hunt is president of the Parrish Coal Company, operators in anthracite coal in Pennsylvania, and a man of wealth and resources.

John M. Rosene is the president of the Northwest Transportation Company, operating a steamship company on the Pacific Ocean, and engaged now in Alaskan trade.

And I, Mr. Chairman, am a lawyer in New York. I think that I have mentioned everybody in the bill.

Mr. BRICK. Did you mention William B. Kurtz?

Mr. BURLEIGH. He is a broker in Philadelphia and a representative of Samuel R. Shipley. He is a wealthy man and president of the Provident Life and Trust Company, of that city.

These gentlemen, I may say, have gone into this matter from purely a business point of view, believing that if the Government will aid this enterprise to the extent of lending its credit, so that the bonds can be marketed without heavy sacrifices, this road can be built and that it will pay as a legitimate business operation.

Mr. LLOYD. Is it their opinion that in the end the Government will have no liability?

Mr. BURLEIGH. Yes; it is their opinion that the Government never will have to pay a dollar under this arrangement.

Mr. ROBINSON. The gentleman's statement has been interesting and lucid in so far as he has covered the various subjects, but it might

be well for the Chair to suggest to him that he might extend his remarks in the record and insert such information as might be very useful to the committee.

The CHAIRMAN. Yes; he might. That is a method provided by the committee in such cases, and you have the permission of the committee, Mr. Burleigh, to extend your remarks, and you may insert anything further that will inform the committee.

Mr. BURLEIGH. I will be very glad to. Now, I want to say that this matter was first brought to my attention and the attention of the gentlemen that I represent by Alaska people who are interested in mines and mining in that country, and who have represented to us the desirability of building a road. That is what first brought the matter up and caused the investigation which led to the formation of this syndicate.

Mr. SPALDING. What does this make the average cost of the road?

Mr. BURLEIGH. I think that it will cost, perhaps, \$35,000 a mile.

Mr. POWERS. It will cost more for labor because you can only work a part of the year?

Mr. BURLEIGH. Yes; it will cost more for labor, and you can work only a part of the year, and you have got to work from one end of your track. If you string out along over a distance of 35 or 40 miles you will run up against the same ruinous transportation charges that interest the gentlemen who are so desirous of getting a railroad into that country.

I would say that there are gentlemen here who can tell you more about these charges than I can, because they have been acquainted with them for years.

SUPPLEMENTAL STATEMENT OF ANDREW F. BURLEIGH.

WASHINGTON, D. C., *February 8, 1905.*

Hon. EDWARD L. HAMILTON, Chairman,
And Gentlemen of the Committee on the Territories
House of Representatives.

GENTLEMEN: In accordance with your permission to extend my remarks relating to House bill No. 18533, "To aid in the construction of a railroad and telegraph and telephone line in the Territory of Alaska," I desire to submit the following observations:

At the opening of the present session of Congress the President, in his annual message, said:

In my judgment it is especially important to aid, in such manner as seems just and feasible, in the construction of a trunk line of railway to connect the Gulf of Alaska with the Yukon River through American territory. This would be most beneficial to the development of the resources of the territory and to the comfort and welfare of its people.

Acting upon this recommendation in the President's message, and urged thereto by many gentlemen long residents of and interested in Alaska, the following gentlemen came together and formed the syndicate for the purpose of building the "Alaska Railroad." The persons named are Mr. William L. Bull, head of the New York banking house of Edward Sweet & Co., No. 38 Broad street, New York; Mr. Grant B.

Schley, head of the banking and brokerage house of Moore & Schley, No. 80 Broadway, New York; Mr. Winthrop Smith, head of the banking house of Winthrop Smith & Co., 430 Chestnut street, Philadelphia, Pa.; Mr. William S. McLean, president of the First National Bank of Wilkesbarre, Pa.; Mr. Sabin W. Colton, jr., senior partner in the banking house of E. W. Clark & Co., of Philadelphia, Pa.; Mr. W. Frederick Snyder, president of the Northern Trust Company and chairman of the finance committee of the Girard National Bank of Philadelphia; Mr. Irving A. Stearns, of Wilkesbarre, Pa., president of Cox Brothers Company, coal operators, and among the largest independent operators in Pennsylvania, if not in the world; Mr. William M. Barnum, of the house of Harvey Fisk & Sons, bankers, Cedar street, New York; Mr. William B. Kurtz, of Philadelphia, representative of the interest of Samuel R. Shipley, who is president of the Provident Life and Trust Company, of Philadelphia; Mr. John Rosene, president of the Northwest Transportation Company, a concern operating vessels on the Pacific Ocean and engaged in the Alaska trade; Mr. Charles P. Hunt, president of the Parrish Coal Company, of Wilkesbarre, Pa.; and Mr. Andrew F. Burleigh, counselor at law, No. 25 Broad street, New York.

In order to effectuate the recommendation in the President's message, a bill was prepared and introduced in the House of Representatives on Monday, January 30, by the Hon. Francis W. Cushman, of Washington, and was referred to the Committee on the Territories. This bill is numbered House of Representatives 18533. An identical bill was, on Tuesday, January 31, introduced in the Senate by Hon. Henry E. Burnham and referred to the Committee on Territories. This bill is numbered Senate 6980. This bill provides for the incorporation of the gentlemen named above into a company, to be called "Alaska Railroad Company," with the usual provisions for organizations, etc. It further grants the right of way through the lands of the United States in Alaska, including suitable grounds for station and terminal purposes. It also contains provisions for the joint use of passes and defiles with other railroad companies and provides for condemnation of such right of way in cases where the company can not otherwise obtain it. It also contains provisions for the speedy construction and completion of the road and for its construction in a good, substantial, and workmanlike manner. It also authorizes the company to build such branches as it may determine are desirable. It further authorizes the company to borrow money and secure the same.

For the purpose of aiding in the construction, equipment, operation, and maintenance of said railroad, the Government guarantees 4 per cent interest for 30 years upon bonds to the amount of \$30,000 per mile for a mileage not exceeding 500 miles. This guarantee is to become operative and to be attached to such bonds by the Secretary of the Treasury when the railroad is completed and in operation. There is further provision for the protection of the Government by the prohibition on the part of the company of the making of any debt which shall be a lien prior to the lien of the United States to secure the repayment of any interest which may be paid by the United States under said guarantee. It further gives the United States a lien upon the net earnings of said road to secure any interest that the Government may have paid under said guarantee, the same to be repaid yearly

out of such net earnings. Any balance of interest paid by the Government during said guarantee period and not repaid out of net earnings becomes due and payable to the United States upon demand when said guarantee period has expired. In case of any default in such payment when demanded, the same may be collected by foreclosure and sale. It further provides that the total annual contingent liability of the United States under such guarantee shall not at any time exceed the sum of \$600,000.

It is further provided that said road and all its branches shall be a post route and military road, subject to the use of the United States for postal, military, and all other Government purposes, and subject to such regulations as may be imposed by Congress regarding charges for transportation. The company is required to make an annual report to the Secretary of Commerce and Labor.

The other provisions of the bill are rather of the nature of details regarding the formation and conduct of the corporation, and not material to be further set out here.

The conditions in Alaska which induced the recommendation made in the President's message, and the coming together of the above-named gentlemen for the purpose of securing this legislation, is one of great interest, but little known to the people of the United States.

The interior of Alaska is drained by the great Yukon River, running from its eastern boundary in a general westerly direction to Bering Sea. The upper reaches of this river in the United States and Canada open in the spring earlier and close in the fall later than the mouth of the river in Bering Sea, the consequence being that there is navigation of the upper river from two to three months longer in each season than there is access to the river from the ocean. This difficulty is in a measure met in the upper river by the White Pass and Yukon Railway, constructed from Skagway, at the head of Lynn Canal, to Whitehorse Rapids, the head of navigation of the Yukon River in Canadian Territory, and a point about 600 miles up that river from Dawson, which is the center and distributing point for the Klondike region. Therefore freight and passengers going into the country early in the spring or late in the fall must go through Canadian territory, paying tribute to their transportation lines, or they must be taken in from the Gulf of Alaska or some of its tributary waters by dog sleds in the winter or by pack horses in the summer.

It is estimated that it costs to get a ton of freight from Seattle, Wash., 1,000 miles, by way of the Pacific Ocean to Skagway, about \$10; from Skagway to Whitehorse Rapids, 200 miles, and thence by river to Dawson, 600 miles, about \$70. It is estimated that to get a ton of freight from Seattle, by way of Bering Sea, to Fairbanks, which is the head of navigation on the Tanana River, that it costs at the rate of about \$80 per ton. From these figures the rate rapidly increases, according to the distance of the point of consignment from the waterways, and it is a fair statement to make that the average cost of freight delivered in Alaska off the waterways ranges from 10 to 35 cents per pound, or \$200 to \$700 per ton, and in some instances as high as \$2,500 per ton.

It is to remedy this condition of affairs in part that we desire to build this railroad. The route selected by us extends from the ocean, near the mouth of Copper River by the valley of that stream, afford-

ing a natural pass through the coast range of mountains at a water grade to the interior of the country. From the head of the Copper River the route crosses the Wrangell range of mountains by the Mantasta Pass, through which already run the Government trail and the Government military telegraph line across the valley of the Tanana River and along the divides of the upper Fortymile to Eagle City, on the Yukon River, at a point within a few miles of the international boundary on the American side.

We desire first to submit to you some observations regarding the resources of this stretch of country and the likelihood of a railroad built to develop them becoming a paying enterprise. To the eastward of the mouth of the Copper River and lying some 10 to 15 miles back from tide water is what is known as the Kayak coal and oil fields. Of the oil I will say nothing at present, as coal is the more material element in the railroad proposition in hand. This coal field, as at present explored and known, has an area of about 10 by 30 miles, and contains many veins of coal, varying in thickness from 10 to 70 and in one case 100 feet. Upon this point we would respectfully call your attention to the following extract from the report of Prof. G. C. Martin, of the United States Geological Survey, based upon an examination of this coal field made by him in 1903.

Carbon Creek.

Thickness of coal.....	feet.....	20
Moisture	per cent.....	2.41
Volatile matter	do.....	15.03
Fixed carbon	do.....	79.24
Ash	do.....	3.32
Sulphur	do.....	.51
Color of ash, reddish.		
Calories, 8,345.		
Fuel elements:		
Volatile matter	per cent.....	15.94
Fixed carbon	do.....	84.06
Fuel ratio	do.....	5.27

The 20-foot seam now exposed on Carbon Creek is the most promising coal seen by the writer. It not only possesses the greatest thickness and is entirely free from bands of shale and other impurities, but as the above table shows, it is the purest coal and has the highest heating power. Its composition shows it to be semianthracite, of somewhat the same composition as the coal of the Bernice basin (Loyalsock) in Pennsylvania, although it is purer and has a higher heating power than that coal. It differs from the anthracite from Pennsylvania and Wales in having more volatile matter in proportion to the amount of fixed carbon. In the ratio of fixed carbon to volatile matter it is nearer to the Bernice basin coal than to any other coal that reaches the general market. In heating power as well as in the low amount of impurities, it is almost identical with the Pocahontas steam coal of West Virginia, but excels this coal by having a higher proportion of fixed carbon. There is no other coal with which it is likely to come, into general competition with which it is to be compared, for it is far higher in heating power and in purity than any coal that is mined upon the Pacific coast, either in the United States, Canada, or Australia.

This field was again examined by the Geological Survey in 1904, and, while the report of the examiners has not yet been published, we are advised that the developments of the field made since Professor Martin made his examination show a vastly larger quantity of coal and that the quality has in no sense deteriorated.

We desire by this road to introduce this coal to the markets of the Pacific, to use it in the operation of the road, and to carry it to the

interior of the country, where it will be most useful for domestic and mining purposes.

Passing beyond this coal field and continuing upon the route of our proposed railroad, at a point about 150 miles distant from the sea, it will reach the flanks of the Wrangell Range of mountains. On the southern slopes of this range, for a distance of 60 miles or more, running in a general easterly and westerly direction is a contact between massive limestone and massive green stone. Wherever this geological formation is cut by the streams and water courses flowing from the range south into the Chittina River, which is a branch of the Copper River entering from the east, there have been exposed outcroppings of copper ore of great value and of considerable extent. These ores are generally recognized as being about the highest grade copper ores found in the world, and it is asserted by mining men of experience and eminence in their profession that when this region has been developed by mining and transportation that it will be a very important factor in the copper market of the world, perhaps a controlling one.

The same conditions which I have described as characterizing the southern flank of this range of mountains, are found upon the northern and eastern sides of the range, and it is supposed that eventually it will be to the interest of the company to extend branches up both the Chittina and Tanana rivers to serve with transportation the various mining properties which will be there developed. Crossing the Tanana River the road will enter the placer districts, which are found on all the streams flowing toward the Yukon. There are hundreds of thousands of acres of placer ground, most of it of low grade, which will become profitable and easily worked when there is a road to furnish freight to the prospector and miner at a fair cost, but under present conditions it is impossible to make that region productive, except in limited areas of exceptionally rich ground.

We believe, and it is the judgment of men of experience and familiarity with Alaska, who have spent many years there, that the building of this railroad will result in a large influx of population and a very great expansion of business, and that where the trade of Alaska with the United States to-day amounts to something like \$40,000,000 annually, with the opening up of the country, by a railroad such as we propose, it will increase it nearer to \$100,000,000 per annum.

It would make this document too long to undertake to go into the details of the business which the road will develop and the earnings therefrom it will make, but it is the confident belief of the gentlemen engaged in the enterprise that the Government of the United States will not be called upon to pay out any money under the guaranty sought. The object of asking the guaranty is to make the bonds marketable, as with a guaranty of the United States Government they can be sold at par, whereas without such guaranty, if they could be sold at all, it would only be at a discount from their face value of 30 to 40 per cent, thereby loading up the enterprise with millions of indebtedness which would not represent a dollar put into the construction of the road. It is to avoid a condition of that kind that the company seeks the credit of the Government to aid it in its enterprise. It gives the Government security by a willingness to raise the money, build and complete the road, and put it in operation before the United States is obligated for a dollar, thereby giving to the Government the full consideration for which it would make this guaranty.

The construction of the road will give the Government access at all seasons of the year to the headwaters of the Yukon River. It will give to the people of Alaska mail facilities which at present they only enjoy to a limited extent in winter, delivery of which is then very uncertain, as no mail other than letter mail is carried to the interior, thereby depriving the people of all newspapers, magazines, and general literature which would be profitable and useful to them during the season of long nights, and which would tend to make them comfortable, contented, and happy in their homes.

It will give the government a reliable and quick means of transporting troops, supplies, and munitions from the north Pacific Ocean to the various military posts in the interior of Alaska.

It will deliver coal upon the seaboard for Government use at any or all of its naval coaling stations in the Pacific. It will likewise furnish it not only to the local markets of Alaska, but to all the markets of the Pacific coast, to the Hawaiian Islands, to the Philippines, to China and Japan, and generally throughout the Pacific, where a high quality of coal is demanded. It is understood that something like \$45,000,000 worth of coal is annually taken to the Orient from Europe. This trade might, it seems, in some part, be supplied from Alaska mines, thereby bringing profit to our own people.

We take the liberty of attaching a map which was attached to House of Representatives Document No. 192, being the map accompanying the survey of a wagon road from Valdez to Port Egbert, Alaska, and military trail between the Yukon River and Coldfoot, Alaska, so marked as to indicate in red ink by dotted lines the generally proposed route of our railroad, and further indicating the area of the coal field mentioned, the copper district mentioned, and the gold placers of the Yukon.

We will state that there are several other railroad enterprises pending which contemplate the construction of a road from Valdez to Eagle City. The general route of these roads would coincide with the wagon road indicated on this map.

We would further state that the Alaska Central Railroad Company proposes to build a railroad from Seward along Resurrection Bay (which on this map is indicated by the letter "C") in a general northerly direction to the head of navigation on the Tanana River. The road is indicated by a line dotted in black ink. This latter road, originally started by Americans, we understand has recently been sold to Canadian capitalists, and we are further informed, and believe, that it is owned and controlled by practically the same people who own and control the White Pass Railroad. At any rate, if built, it would be owned and controlled by foreign capital and could not under such circumstances, it would seem, fulfil the requirements of the Government for military purposes. Besides that, it will not when constructed go to the Yukon River, but will stop on the Tanana, thereby only giving access to the upper Yukon River by first going several hundred miles down the Tanana and then a thousand miles up the Yukon. The country through which this road is projected is practically unexplored, and we understand that no survey has ever been made, and it is a problem whether the natural obstacles encountered can be overcome.

We claim the superiority of route over the roads projected from Valdez by reason of the fact that our road will follow up the Copper River from the sea, thus having an interior passageway cut out for it along the valley of this river, while the railroad projected from Valdez

must, within the first 35 miles after leaving tide water, climb and cross the Coast Range of mountains, thereby interposing a barrier which must be constantly overcome in operation at great expense.

In addition we may observe that no other railroad project in Alaska, to our knowledge, contemplates the opening up and development of the Kyack coal field, or the putting of that coal upon the market, either locally or generally. To our minds this coal is one of the most valuable resources of the country.

In granting such aid as we seek the United States Government is taking no new departure. It has long been the policy of the principal European powers to aid in the construction of railroad for the development of their colonies and possessions. This is particularly so of England, France, Germany, and Russia. Forty years ago the United States embarked upon a similar policy and aided in the construction of the Union Pacific, the Central Pacific, and the Northern Pacific railroads. While for many years thereafter there was great criticism of this policy on the part of the Government, yet the American people, as a whole, have always approved of it, and it would seem that the results show the wisdom of our assistance in that matter. States and communities have been built up and have become a part of our Union which in those days were looked upon as the Great American Desert.

In the case of the Northern Pacific Railroad, the United States granted lands to the amount of about 40,000,000 acres, but without any cash or bond subsidy. In the case of the Union Pacific and Southern Pacific railroads, it granted bonds of the United States to the extent of \$16,000 per mile for those sections of the roads east of the eastern base of the Rocky Mountains and west of the western base of the Sierra Nevada Mountains, while for a distance of 300 miles, covering those ranges of mountains, it granted bonds at the rate of \$48,000 per mile, and for the intervening distance between the west base of the Rocky Mountains and the east base of the Sierra Nevada Mountains, it granted bonds to the amount of \$32,000 per mile. These bonds in the aggregate reached an amount somewhat in excess of \$55,000,000 and drew interest at the rate of 6 per cent. In addition, Congress subsequently authorized the bonding of said roads by the respective companies to an amount equal to the aid so granted by the Government, and authorized the securing of such bonds so issued by the said companies by a first-mortgage lien upon the railroad properties, to which the lien of the United States was subordinated.

In addition to all this, the Government made an extensive land grant to the amount of ten alternate sections per mile on each side of the lines of railway to be constructed. While this may seem like a somewhat prodigal investment in those railroads by the United States Government, we who live forty years after the event can see the magnificent results of that policy in the communities and States west of the Missouri River which have been built up and added to the American Union. The mere amount of money invested in these enterprises by the United States, if wholly lost to the Government, would have been many hundreds of times repaid in the general addition to the wealth of the nation, but as a matter of fact, the Government of the United States has never lost a dollar by the aid it granted to the Pacific roads.

It would not seem to be an exaggeration to say that at the time this aid was granted, in 1862 and 1864, the country afterwards traversed by these roads, then marked on the maps as the Great American Desert,

certainly gave little more promise of the future wealth of the region than does the Alaska lands which we propose to open up to commerce by the railroad for which we now seek Government aid. While it is not likely that the valleys of the Copper, Tanana, and Yukon rivers will ever produce a corn crop like the State of Nebraska, there is no known limit to the mineral wealth in coal, iron, copper, gold, silver, and possibly tin which they may contribute to the general wealth of the United States, to say nothing of the market which it will make for the products of the farms and factories of the country.

We may add that recently, at this session of Congress, upon the recommendation of the Administration, laws have been enacted by which railroads in the Philippines will be encouraged in much the same manner as sought in our bill, and it seems to us that if it is a wise policy for the Government to build up railroads for the development of the Philippine Islands, there should be no hesitancy as to the propriety of its aiding in the development of Alaska, a possession which has been explored and developed and won to civilization by the hardy pioneers of our own people. There are to-day in Alaska thousands of Americans who have endured great privations in prospecting that country, the sole reward for whose efforts for winning that land from its forbidding solitudes being mining claims located, the titles to which are maintained by an annual expenditure of labor thereon pursuant to the mining laws of the United States, and out of which these men have no profit, and never will be able to secure any profit, unless and until they have railroad transportation.

It is true that the legislation relating to railroads in the Philippines authorizes the Philippine government to make the guaranty upon the bonds, but the Philippine government is authorized to do this by the Congress of the United States, and the Philippine government is the creature of the Congress of the United States, and there is no man who can doubt for one moment that in case of default by the Philippine government in making this guaranty good, the United States is morally bound to carry it out.

In Alaska there is no government which could be authorized to make such a guaranty. There is no legislation for Alaska except that made by Congress, and therefore if any aid is to be given to railroad building in Alaska it must be given directly by Congress, and it seems to us that Congress, in aiding the building of a railroad, such as contemplated in our bill, would be going no further, in substance, than it has already gone in the matter of the Philippine railroads.

One of the great advantages, industrially, which we believe will follow the construction of this railroad will be the mining and bringing of the gold and copper and silver ores of the interior of Alaska to a point on the coast in the vicinity of the gold fields to which I have referred, and there will be built up a great smelting and refining industry which will give employment, directly and indirectly, at good wages to thousands of our fellow-citizens.

And now, in closing my remarks upon this subject, I desire to say that there is no gentleman named in this bill as an incorporator, or who is concerned in it, who has any private interest in Alaska to subserve; no man who has any coal or copper mines to be helped, nor is any man, so far as my knowledge goes, concerned in the enterprise otherwise than for its own sake as a transportation proposition. That it will be profitable we have no doubt, because we believe in the

resources of the country. That it will be of great use and benefit to the United States from a military point of view we have no doubt, because it will give quick, reliable, and uninterrupted access to the interior of Alaska from the open ocean. That it will bring great comfort and happiness to the people of Alaska by expediting their mail service and by providing them with fuel, provisions, supplies, and machinery with which to carry on their business at a reasonable cost there can be no doubt. That it will give opportunity in the development of the resources of Alaska to tens of thousands of American citizens where only thousands are now employed there can be no doubt, and we confidently believe that the introduction of the coal referred to into the markets of the Pacific will save the United States Government in cost of coal and freight for naval and other purposes in that ocean an amount equal to or exceeding the total annual liability of the Government under this guaranty, to say nothing of the annual expenditure which will be saved in transporting the mails, military supplies, and munitions of war.

Respectfully submitted.

ANDREW F. BURLEIGH.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Monday, February 6, 1905.

Committee called to order at 10.30 a. m.

The CHAIRMAN (Mr. HAMILTON). If you gentlemen have decided upon who is to be heard first, we will proceed now.

STATEMENT OF EDWARD P. BROWN.

Mr. BROWN. Mr. Chairman and gentlemen of the committee, I am here representing the Valdez and Yukon Railroad Company, and it is entirely immaterial to me whether I am heard first or last. I want to make some suggestions to the committee, which I think will be profitable for consideration before the hearing is closed; but I will take the direction of the committee whether I speak now or later on. As I say, I represent the Valdez and Yukon Railroad Company, the Knickerbocker Trust Company of New York, the Copper River Mining Company; the Valdez and Yukon Railroad Company having acquired all the interests of the Akron, Sterling and Northern Railroad Company, which was incorporated some time ago, and has a location from Valdez to Eagle City; and I also represent the Valdez, Copper River and Yukon Railroad Company, which is also owned by the Valdez and Yukon Railroad Company; so that all the interests that have ever been located in this part of the territory are now represented by the Valdez and Yukon Railroad Company, and by the Knickerbocker Trust Company of New York, whom I also represent.

The CHAIRMAN. Do you speak as to resolution No. 212, extending the time for the construction of the Akron, Sterling and Northern Railroad Company in Alaska?

Mr. BROWN. Yes, sir; I appear this morning as a sort of amicus curiæ, which I will translate at this time as a "friend of the committee."

A great deal has been said and done about railroads in Alaska. The

Akron, Sterling and Northern Railroad Company was the first interest that ever attempted to locate a railroad in Alaska. I have before me a memoranda of all of their proceedings which took place in the Department of the Interior under the act of May 14, 1898, by which they were authorized to locate a railroad in the Territory of Alaska. That act, as the committee well knows, is an exact copy of the act of 1875, which was a general law, and of the act of 1856, which was also a general law. Under the act of 1856 there was a grant to a railroad company in the State of Wisconsin, and that act was construed by the Supreme Court of the United States in *Twenty-first Wallace*. Under the act of 1875 there came up another case to the Supreme Court of the United States, known as the case of *Noble v. The Union River Logging Railroad Company*, which I will refer to specifically a little later on; and that act was construed by the Supreme Court of the United States, and in that decision it ratified the decision made in *Twenty-first Wallace*. Now since *Twenty-first Wallace*, which was the case of *Nulenberg v. Harriman*, page 44, and since the case of *Noble v. The Union River Logging Railroad Company*, which was in One hundred and forty-seventh United States Reports, delivered at the October term in 1892, there have been eight decisions of the Supreme Court of the United States.

Farnsworth v. Minnesota and Pacific Railroad Company (92 U. S. Rep., 49; October, 1875). The grant in presenti can not be set aside unless conditions precedent are imposed which nullify the grant on the happening of the conditions.

VanDyke v. Knevals (107 U. S. Rep., 360; October, 1882). A grant in presenti, in which the court has applied the same rule as in the previous cases.

St. Louis Railroad Company v. McGee (115 U. S. Rep., 469). A grant in presenti, which the court says can not be revoked except by judicial decree or by act of Congress. "The legislation must directly, positively, and with freedom from all doubt or ambiguity, manifest the intention of Congress to reassert title and resume possession."

St. Paul Railroad Company v. Greenlough (139 U. S. Rep., 19). The time for completing the road was, in this case, extended on condition of saving and reserving to actual settlers and their grantees on any of the granted lands their rights in all respects, the same as if lands had not been granted.

Bybee v. Oregon and California Railroad Company (Ib., 663). Grant in presenti, to which same rule has been applied as in above cases.

United States v. Northern Pacific Railroad Company (152 U. S. Rep., 284). Case of a grant in presenti, declared forfeited by act of Congress.

United States v. Southern Pacific Railroad Company (146 U. S. Rep., 570). Same doctrine.

Lake Superior Company v. Cunningham (153 U. S. Rep., 354). Grant in presenti, with the application of same doctrine as before stated.

In every one of those decisions they have confirmed the principle laid down in *Nulenberg v. Harriman* and *Noble v. the Union River Logging Railroad Company*, so that I shall assume that it is the absolute law to-day; that when, under the act of 1875, or the act of 1898 applicable to the territory of Alaska, a railroad company goes into that territory and files a preliminary location, as our people did, that is, as the Akron, Sterling and Northern Railroad Company did on the 21st day of August, 1900, and again filed on March 6, 1901, George W. Holdrege was then the president of that company, James E. Kelby was then the secretary, and Edward Gillette was its engineer. Subsequently they filed a definite location; that definite location was filed some time ago, and I have the exact date and will give it to the committee a little later on; they then filed an amended definite location. They then sold out their entire interests, so that neither Mr. Gillette, Mr. Holdrege, nor Mr. Kelby owned a dollar of interest in

that Akron, Sterling and Northern Railroad Company, to the Valdez, Copper River and Yukon Railroad Company.

The Valdez, Copper River and Yukon Railroad Company went into that country, and they attempted, as Mr. Holdrege and his associates had previously undertaken to do, to negotiate their securities and build the road. They found it impossible. When the Valdez, Copper River and Yukon Railroad Company attempted to negotiate its securities it found that nobody knew anything about Alaska. They all supposed it was a place almost of solid snow and ice, and therefore, in the East especially, nobody would take notice of any proposition. The Valdez, Copper River and Yukon Railroad Company went on and spent nearly \$40,000 in photographing that country. There is on the desk immediately before you, Mr. Chairman, some of the photographs that they took. We furnished the photographs for the great exhibit from Alaska which were used at the St. Louis Fair this last year, and, as I say, we spent nearly \$40,000 in photographing. We found no interest in this subject anywhere in the United States, and the result was that we paid agents and solicitors to go before chambers of commerce and boards of trades throughout the United States, and I believe we succeeded in getting passed in the various centers of trade throughout the United States something like two hundred petitions and resolutions addressed to Congress imploring Congress to do something for the people of Alaska. All that cost a great deal of money. That, in connection with the survey which we made and with the other work which we did in Alaska, has resulted in this: That we have spent, up to the 1st of January, 1905, in honest effort to locate and build a railroad in the Territory of Alaska from Valdez, through Thompson Pass, up the Copper and the Tanana rivers to Eagle City, something over \$300,000.

Now, what is the legal status, Mr. Chairman and gentlemen, of this company? If you will take occasion to refer to 21 Wallace, you will see that when the Secretary of the Interior put his signature to that definite location which was filed by the Akron, Sterling and Northern Railroad Company that constituted a grant just as absolute as the grant by which the United States Government holds the title on which this Capitol now stands. And that territory, that line of road, 200 feet wide, with the various areas of land indicated in the original act of 1898, which were intended for locations of 20 acres in each case, and 40 acres in cases of terminals and other necessary land for turn-outs, and all that sort of thing, this road holds the absolute title to that strip of land 412 miles long, and that that title is so absolute and complete that no other railroad chartered by the Congress of the United States can go over that location without rewarding us in damages. That is the law. If there is any question about that, let us look and see.

Take the case of Noble against the Union River Logging Railroad Company. There was a case where Secretary Vilas made this grant under the Cleveland Administration, and in the Harrison Administration, which succeeded the Cleveland Administration, Mr. Noble, as Secretary of the Interior, came in, and on the complaint of certain people interested in that country, to wit, that this Union River Logging Railroad Company was not performing its engagements under the provisions of the act, and constructing the railroad, Mr. Noble revoked the grant. They went to the Supreme Court of the United States, and the Supreme Court held—if you will look at that case—that the Sec-

retary of the Interior, when he has once put his signature to that map, the definite location, makes that grant as absolute as any grant can be made. The fact that there is a limit of time is of no account, and that his successor or any Secretary of the Interior can not revoke that grant.

Now, there are only two ways by which this grant, which we hold, can be revoked—one is by complaint that we have been negligent in completing this road; that we have not satisfied the reasonably honest obligations that were imposed upon us when the Secretary of the Interior made this grant to us, and not having performed those obligations, a complaint may be filed by the Attorney-General in some United States court in Alaska; and on a hearing the court may order, if it sees fit, a final decree that that grant to us is forfeited. After the lapse of time that grant is voidable, but not void. It can not be made void except by the proceeding which I have just indicated, or by an act of Congress revoking the grant. That is the absolute language in the 21st Wallace; that is the absolute language in the 147 United States, the case of Noble against the Union River Logging Railroad Company.

Now, gentlemen, we have come here asking for an extension of our time. On the 7th day of February, 1903, a bill was approved extending our time for two years.

The CHAIRMAN. Was that your first extension of time?

Mr. BROWN. That is the only extension we ever had, and we did not need that except for this purpose. Under the law as it stood we did not forfeit our right, but we were attempting to negotiate securities, and when the bankers referred this whole subject to their lawyers, to see what was the legal status of our corporation, the lawyers would suggest, "How do we know but that some complaint may be made in a United States court, or some act of Congress may be passed proceeding to revoke your grant?" and, therefore, for purposes of giving our securities additional value we came to Congress two years ago and asked for the passage of the joint resolution of February 7, 1903.

Now, Mr. Chairman and gentlemen, we come here again, not for the purpose of saying to you or admitting, that our grant is void, for it is not. We have filed our location, and our time does not expire until the 16th day of March, and even then it would not be forfeited under the decisions in twenty-first Wallace. We come again and we ask you to aid us in negotiating the securities which the Knickerbocker Trust Company is about to offer, which have been engraved and signed and ready for delivery. We are negotiating our securities, and we ask you to extend this time one year only, simply for the purpose of putting the status of this corporation, and its securities, in such a position that there can be no question as to their value.

Now, there is before this committee, I understand, what I call—I don't remember the number of it—a bill introduced by Senator Dietrich, the Holdrege bill, a bill introduced by Mr. Cushman, which I call the Burleigh bill, because I happen to know something about the two people, and that is the way I designate it. Now, I want to say to this committee, and this is where I desire to be especially heard, that a little over two weeks ago I had an interview on this subject with Mr. Holdrege. I shall not refer to that interview fully because Mr. Holdrege is not here. I certainly left Mr. Holdrege with the impression at that time that he was cooperating with us in securing the

passage of our bill, which has not been offered but will be offered in the Senate and House. When I saw the bill offered by Senator Dietrich, I caused a telegram to be sent to Mr. Holdrege, to which he has not replied.

The CHAIRMAN. I think there is no such bill before this committee.

Mr. LLOYD. He says it will be introduced to-day.

Mr. BROWN. Is not the bill offered by Senator Dietrich here?

The CHAIRMAN. It is the Mondell bill in the House.

Mr. BROWN. That makes, Mr. Chairman and gentlemen, all I was going to say of still more force. I think this committee ought to have all these bills before it before it comes to any decision on this subject-matter. I think all the bills should be before the committee. As I said at the outset, I appear as a friend of the committee. I would suggest an adjournment of this hearing for at least a week. Our bill will be offered in the meantime. We have asked for Government aid, and we were the only ones who ever had anything to do with Alaska—that is, in the way of its development, who spent any money on railroads, until the President put in his message a recommendation that Government aid should be given to a railroad between Valdez and Eagle City.

Mr. LLOYD. Does this bill, to be introduced to-day, ask Government aid?

Mr. BROWN. Yes, sir.

Mr. LLOYD. And coupled with it the extension of one year?

Mr. BROWN. No; the bill which I shall introduce to-day, or not later than to-morrow, asks simply for Government aid. There is now before the committee our joint resolution asking for an extension of time for one year.

Mr. LLOYD. Who introduced that?

Mr. BROWN. That was introduced by Mr. Powers, of Massachusetts.

The CHAIRMAN. Have you stated by virtue of what law the Secretary of the Interior made this original grant to your company.

Mr. BROWN. I will read it, Mr. Chairman. Chapter 229 of the acts of the year 1898, approved May 14, an act entitled "An act extending the homestead laws and providing for the right of way of railroads in the district of Alaska, and for other purposes." This follows, as I said, the act of 1875, and also the act of 1856, in the section which provides for the grant. There were other provisions, so that the three acts are not alike in other respects.

The CHAIRMAN. Under that law when a grant of a right of way is given to a corporation, what is the corporation bound to do?

Mr. BROWN. A corporation must go first and make a preliminary survey. That preliminary survey is filed with the Secretary of the Interior, and it has indorsed upon it the affidavit of the engineer who made that preliminary survey. It also has indorsed upon it the certificate of the president and the secretary of the corporation stating that the corporation has been duly formed, stating under the laws of what State, and stating that the corporation is ready and qualified under the law to construct the road. And also certifying that the engineer is the engineer authorized by the company to make the survey; and that the plan they have on file, the preliminary plan, has been adopted by the board of directors of that company. That constitutes the grant, or rather it is a sort of caveat under the law, because that preliminary survey is not signed by the Secretary of the Interior. Then

one year from the date of the filing of that preliminary survey there must be a definite plan, a survey and location, on which the field notes of these surveys are noted. That definite plan and location also contains the affidavit of the engineer who made the field notes, or under whose direction the field notes were made, who supervised the making of the survey. Also the other certificates of the president and the secretary as I have before named. Then the Secretary of the Interior puts his indorsement: "Accepted, not waiving any legal right," or something of that kind. This constitutes the grant under the law.

The CHAIRMAN. At that point do you claim that complete title is vested in the corporation under the decisions?

Mr. BROWN. When the definite survey is filed a complete title vests in that corporation, and the Secretary of the Interior, under a subsequent section of the act of 1898, is directed to notify the land office of Alaska that this grant has been made, and that all the land indicated as included is to be taken from the general public lands that are for sale by the Government of the United States. Here is a certified copy of the first 34 miles of our road, which I have caused to be certified by the Secretary of the Interior.

The CHAIRMAN. If you do not enter upon that grant and construct a railroad, do you not forfeit the right of way?

Mr. POWERS. Only by taking it up to the courts, on a petition by the Attorney-General, asking that the grant be vacated.

Mr. BROWN. Let me explain what I understand the law to be. After the expiration of one year from the date when this definite plan and location is filed the grant is then voidable. It can not be made void by anybody except the Government of the United States, and that in only two ways—first, by a judicial decree upon due proceedings, the under which all parties are before the court, and, secondly, by an act of Congress. Have I made myself understood?

The CHAIRMAN. We understand.

Mr. BROWN. So this is the position in which we are placed. We have used all the diligence that is possible. We recognize it is hardly possible to pass any act this session, but we think it is our duty to appear here before you and not permit the committee to construe any absence of ours as waiving any rights to which we are entitled under the law. Therefore we appear.

Mr. POWERS. Where was your company incorporated?

Mr. BROWN. The Akron, Sterling, and Northern Railroad Company was incorporated under the laws of Montana.

The CHAIRMAN. What per cent, if any, of the capital stock does the law require to be paid in?

Mr. BROWN. I think it was about 10 per cent. We have paid in a good many times more than that.

Mr. POWERS. In my State you can incorporate by paying in 5 per cent.

Mr. BROWN. The Valdez, Copper River and Yukon Company was incorporated under the laws of West Virginia for the purpose of acquiring all the title of the Akron, Sterling and Northern Railroad Company. Then the Valdez and Yukon Company, which is the present owner of all these interests, was incorporated in the State of Maine. That company now owns everything.

Mr. POWERS. That simply requires the payment of 5 per cent on the capital stock?

Mr. RODEY. Is this assignable?

Mr. BROWN. It is assignable.

The CHAIRMAN. It has not occurred to your corporation to ask the Government for aid until recently?

Mr. BROWN. Yes, sir; we had a bill here in the previous Congress asking for Government assistance, but we did not get any sympathy, and the result was that—well, I don't know that I ought to state. We have worked diligently everywhere with everybody, and the result is that the President has now recommended it, and there are lots of patriots now who are willing to build this road.

The CHAIRMAN. Does that cover the statements that you wish to make?

Mr. BROWN. It covers it substantially. I want to recall to your attention the statement I made in regard to the postponement of a week, then we will have every paper before this committee relating to the purchase of this property, the checks we have paid—

Mr. SPALDING. You are aware that every day's delay vary materially lessens the chance of anything being done.

Mr. BROWN. No; I am not aware of that, because I do not suppose there will be any chance to get anything through at this session of Congress; but I came here in order that the committee may be informed as to everything.

Mr. POWERS. What you desire now is that we shall report favorably and pass this joint resolution? Do you expect that to be done?

Mr. BROWN. Yes, sir.

Senator DIETRICH. Mr. Chairman, may I ask Mr. Brown a question?

The CHAIRMAN. Certainly.

Senator DIETRICH. In your statement you stated that you have expended \$300,000 so far upon this project. I would like very much, in view of the fact that I have introduced a bill which names several parties which you have named, to let this committee know as to what was done with that money, as to whether there has been any permanent improvements of any kind or character constructed upon that right of way, and if there be anything in the way of tangible property of any kind or nature upon this right of way or in connection with the construction of that road.

Mr. BROWN. According to the affidavits which I have here, and which I will not take the time of the committee to read, we have stakes locating this road over 34 miles. That is something tangible.

Mr. LLOYD. Permanent stakes, or stakes made at the temporary survey.

Mr. BROWN. Indicating the permanent definite locations as shown on this blueprint [indicating], 34 miles. We have imperfectly staked out the remaining 380 odd miles, the remainder of the location, clear to Eagle City, as I understand it.

Mr. LLOYD. As a matter of fact there are only 34 miles of permanent stakes.

Mr. BROWN. Yes, sir. Our time for completing our definite survey does not expire for a long time to come yet.

Senator DIETRICH. Can you state as to about what that staking represents in expense of this \$300,000 that you name?

Mr. BROWN. Why, Senator, I want to say that I could not tell you the percentage of expense, but I presume it is a very trifling part of

the money that we have expended, because the great mass of the money that we have spent has been expended in trying to create public sentiment in favor of Alaska. We spent nearly \$30,000 in maintaining at the St. Louis fair an exhibit illustrating the conditions in Alaska, and we have spent, as I said before, nearly \$40,000 for photographs.

The CHAIRMAN. Was that connected in any way whatever with your railroad enterprise?

Mr. BROWN. Yes, sir.

The CHAIRMAN. Generally advertising Alaska?

Mr. BROWN. Generally; yes, sir. That is, in this way. Of course we could not say anything about Valdez and the Copper River and the great mineral resources of that country without doing some good to the rest of the country, but we have not tried to advertise Nome or St. Michaels, and the Yukon, or anything of that kind, though I presume we have improved the conditions of things up there.

The CHAIRMAN. Practically what you have done has been to stake 34 miles of road, and to imperfectly stake the rest of it? I think you used the term "imperfectly."

Mr. BROWN. Yes, sir.

The CHAIRMAN. By that, I take it, you have staked a little here and there?

Mr. BROWN. No; we have staked the whole line, but we have not made a good survey such as called for by the Department of the Interior for purposes of a definite location, which would enable the Department of the Interior to designate what lands are included in that location so as to notify the land office that this land must be taken from the public lands and sold.

Mr. POWERS. Let me see if I understand you. You have made what you call a permanent survey of 34 miles and a preliminary survey of the whole distance. When you come to make the permanent survey you often change more or less from that preliminary line, as you find it necessary, when you come to follow the grades?

Mr. BROWN. Yes; you will find in reading these decisions, the 21st Wallace for instance, that the grant does not attach with precision until the definite survey and location has been filed.

The CHAIRMAN. Well, then, that raises a question with reference to the claim of title to the strip of land 200 feet wide along the length of this road. You can hardly claim, could you, that you had acquired a grant to a strip of land 200 feet wide along the whole length of the proposed road?

Mr. BROWN. Mr. Chairman, let me say that, if I was not encroaching upon the time of these other gentlemen, that I would answer that question.

Senator DIETRICH. Go ahead.

Mr. BROWN. If, during the time between the filing of the preliminary location and the filing of the definite location, which can not exceed one year, any actual bona fide settler should come and purchase Government land—any of the land included in that preliminary location which has not been taken from the public lands which may sold—if we got that location by our definite plan, we would have to pay the settler. That is what I understand to be the law. If the actual bona fide settler acquires any part of that 200-foot strip included in our preliminary location, when we file the definite location, if we file so as

to cover the land of that bona fide settler, we have to settle with him. That is exactly the condition, as I understand it.

Senator DIETRICH. With reference to this transaction, in your judgment, were any of the funds involved misplaced or wasted to any extent?

Mr. BROWN. We are satisfied that a considerable amount of money was wasted by the owners of the Valdez, Copper River and Yukon Railroad Company.

Senator DIETRICH. Who are they?

Mr. BROWN. I don't know who they were; I have never inquired. I know who owns it now. Judge Stewart, one of the judges of the supreme court of the State of Pennsylvania, is our president. Mr. A. J. Stewart, of Buffalo, N. Y., is our secretary and treasurer. I have here a list of some fifty or sixty men who are our stockholders.

Senator DIETRICH. Who were at the head of the Copper River Company before you assumed control of it?

Mr. BROWN. There was a gentleman by the name of Bradshaw—I think he was president; two gentlemen by the name of Helm—one was director and the other a director and secretary and treasurer. They have no interest whatever. I believe Mr. Will Helm owns a share, which qualifies him as a director. With that exception there is no person by that name of Helm who has any interest in any one of these enterprises.

Senator DIETRICH. I did not catch your name.

Mr. BROWN. My name is Brown. I had the honor of meeting you, Senator, at the Arlington Hotel some few days ago. You are not as likely to remember me as I am you.

Senator DIETRICH. Thank you.

Mr. G. C. HAZELET. After your permanent survey is filed and approved, what time have you?

Mr. BROWN. We have a century if Congress don't repeal the grant, nor the Supreme Court or some court of the United States declare the grant invalid.

Senator DIETRICH. If you wait a century you will not need any Government aid.

Mr. BROWN. I hope not. The language of these decisions, Mr. Chairman, is this, that the grant extends on indefinitely until the United States Government, who is the only party with power, revokes it. That is the language of the statute and the language of the Supreme Court in not less than ten decisions from the twenty-first Wallace to the one hundred and seventieth United States. That is the language of the Supreme Court.

The CHAIRMAN. Now, if there are no further questions we will hear from Mr. Mercer.

Mr. HAZELET. I would like to ask Mr. Brown one more question. I want to know if it is not a fact that Mr. Helm is not now connected with this enterprise, and that he and you, Judge Stewart, and A. J. Stewart were in consultation all of the first of this week relative to this matter? Is not that correct?

Mr. BROWN. I will say to you this: That Mr. A. J. Stewart, Mr. Judge Stewart, Mr. Helm, and myself have been in consultation in regard to this matter repeatedly. When we acquired the interest of Mr. F. C. Helm, we acquired it with obligation on his part that he would furnish us with all the information, the names of all the parties

who have ever been identified with the enterprise who could render us any assistance in the formation of the enterprise. Any further questions?

Mr. HAZELET. No.

The CHAIRMAN. Mr. Mercer, as I understand it, desires to address the committee in relation to bill 18526.

STATEMENT OF HON. DAVID H. MERCER.

Mr. MERCER. Mr. Chairman and gentlemen, this is the proposition that was introduced in the House by Representative Mondell, and is the same bill as introduced in the Senate by Senator Dietrich. Representative Mondell was unable to be present this morning, owing to committee meetings, his own committee having met and he being obliged to go to the Committee on Military Affairs, of which he is also a member. Owing to train delays one of the attorneys connected with this proposition and a civil engineer who surveyed this route are unable to be here. One will be here at noon and the other to-morrow.

I have been in Alaska, and I saw it from the rear end of a steamship, and I suppose I know more about Alaska than anybody who lives up there. [Laughter.] These gentlemen who travel in Europe and in oriental countries, and I suppose it is the same in Alaska, believe that they know a great deal about those countries. I do not pretend to say anything about this situation from personal observation.

At the outset I desire to say that it is not a promotion scheme. Alaska, like all new countries, is filled with promotion schemes, but this is not one. Some of my friends in Omaha, whom I know very intimately, are mentioned in this proposed legislation. In addition we have here with us Mr. Henry Bratnober, who is a resident of California, a man of financial resources—a financial man—and a man who has a good deal of money invested in Alaska, and he is quite familiar with the general conditions of that country, so far as any human being can obtain information by observation and a residence there temporarily. He is now building, or is about to construct, a steamer on the river Tanana, which runs into the Yukon River. He feels from his observation in Alaska that that is a rich Territory and that it only needs communication by rail to bring capitalists, miners, and visitors into that region to develop it. If its resources are in a pocket, why, some one will prove whether it is true or not, and no man or no men feel justified in going into the interior of Alaska without railroad communication.

The British Government has been very liberal with people across the border. There is a railroad now up White Pass, and only 10 miles of it runs in American territory, the rest in Canada. The British Parliament has subsidized the Grand Trunk proposition so it can run a line through from the Canadian possessions into Alaska, and that gives the Canadians in Alaska additional facilities in the way of railroad transportation. The Alaska people who are there came mostly from the American States. They have invested their money there and are making it their abiding place. They feel as if they were entitled to consideration by way of Government aid if the people in the Philippines shall receive assistance of that sort.

The CHAIRMAN. Mr. Mercer, the Philippine arrangement was by way of enabling the Philippine government to aid the railroads, was it not?

Mr. MERCER. Yes; that is true, but this informally allows the people who prospect this road an opportunity to do the same thing as I remember was done in the Philippine proposition, and while we have permitted the Philippine government to guarantee, yet I am inclined to think that this, too, enables the Secretary of the Interior—although some will feel that the United States Government in that case is not so directly involved as perhaps in this. But the principle is about the same, it seems to me. These people up there feel as if they could proceed along lines indicated in this proposed legislation if the Government would give them some assistance. Now, of course, the patriotism referred to by my friend Mr. Brown, on the part of the people who want legislation of this sort, possibly did have a little effect when the President of this country indicated in his message that Alaska was entitled to assistance of this sort from the Government. I firmly believe that no corporation or any individual will ever build a railroad in Alaska without Government assistance.

Now, this bill, introduced by Representative Mondell, was not drawn as liberally as it might have been, and some features of it I object to myself, and I have told my friend so. I think that if the committee will join with us in restricting it in any way and using more liberal phraseology we can agree upon a proposition, so that it will not only be of great benefit to the people of Alaska, but I do not think it will ever put the Government of the United States or its Treasury in jeopardy. There is another bill here, and you heard from that the other day, somewhat similar in their proposition. This bill, however, somewhat different from the other, I think has more people in Alaska directly interested—Mr. Hazelet, who has lived at Valdez for eight years, a man whom I knew in Nebraska before he went there; Mr. Bratnober, who has been there a great deal and has a great many interests there now; Charles F. Manderson, formerly Senator from Nebraska (he is not in promotion schemes) and we believe that this proposition can become a verity if the Government aid is granted. Mr. Bratnober has assured me that he is willing to give a bond to commence work on this proposition just as soon as the legislation is passed.

The CHAIRMAN. So then we have this proposition, do we not: That the corporation which you represent proposes by a bill, No. 18526, to construct a roadway from Valdez to Eagle City, and another corporation, mentioned in bill 18533, desires a cession over practically the same route?

Mr. MERCER. I don't know whether they do or not. They don't mention their starting point. They mention the same terminus.

The CHAIRMAN. A grant of one would include the other, as suggested the other day. The corporation represented by Mr. Brown claims to have a grant of probably this same right of way. Is that the situation?

Mr. MERCER. I think that is the situation—that is, as I understand it. But Mr. Brown's claims, in many respects, were new to me this morning. Although I knew that they had an extension, I did not know who had the extension, or who controlled the corporation.

Mr. BROWN. Not new to your clients, because they sold us this location.

Mr. MERCER. They may know about it, but I did not. I didn't know anything about it until you had explained it this morning.

Mr. BROWN. Bought it and paid for it.

Mr. MERCER. That might refer to two of them, Mr. Holdrege and Mr. Kelby.

The CHAIRMAN. The committee would be glad to have this tangle straightened out as far as possible.

Mr. LLOYD. At present it would look very much like your clients would not have much standing, because, if his statement goes unchallenged that they have sold all their rights and have received the money for this road, they would not be acting in good faith to come and ask for help.

Mr. BROWN. They have sold their right in the Akron, Sterling and Northern, which is located according to a certified copy of the location which I presented.

Mr. MERCER. It is two separate and distinct propositions.

Mr. HAZELET. I want to challenge Mr. Brown to show that they have sold their rights and have been paid for the same.

Mr. BROWN. I accept the challenge. That is why I ask the committee to adjourn this whole business until next week.

Mr. HAZELET. If you can not show that before next week you could not show it in fifty-two weeks. There is no use in adjourning on that account. I know who the gentleman refers to—Mr. Holdrege and Mr. James E. Kelby. Mr. Holdrege is the general manager of the Burlington and Missouri River Railroad; and I challenge the gentleman to show an act in his life at any place that is in line with his insinuations here. He can show an option to purchase the interest of Mr. Holdrege and others upon which a small payment was made three years ago, and that is the last thing that he can show.

Mr. BROWN. Mr. Chairman, I don't want to be misunderstood—

The CHAIRMAN. Mr. Mercer has the floor.

Mr. MERCER. As this is growing interesting, I want to hear all I can.

Mr. BROWN. I simply want to say that I am instructed by my clients to say that we purchased and have received all the interest that Mr. Holdrege or Mr. Gillette or Mr. Kelby ever had in the Akron, Sterling and Northern Railroad.

Mr. LLOYD. In what way; by deed?

Mr. BROWN. By delivery of all the stock of the Akron, Sterling and Northern Railroad, and by assignment of the whole interest.

Mr. HAZELET. Any conditions?

Mr. BROWN. No conditions whatever.

Mr. MERCER. If anybody paid Mr. Holdrege any money, it is a surprise to me, and I never heard it before.

Mr. BROWN. I have met Mr. Holdrege, and there was never a suggestion that he had any money due him. He certainly has never brought any suit or anything in connection with any money being due him.

Mr. SPAULDING. Is this material? I suppose they sold their stock. Without agreement, probably, they became stockholders.

Mr. POWERS. If they were men promoting the scheme, it would would hardly be good faith.

Mr. MERCER. Mr. Chairman, I will yield to Senator Dietrich.

STATEMENT OF HON. CHARLES H. DIETRICH.

Mr. DIETRICH. Mr. Chairman and gentlemen, about a week ago Mr. Hazelet came to me and asked me to introduce a bill, which I did. I began to learn that there were certain men who have been interested, namely, a Mr. Helm, a Mr. Burleigh, and one or two others who had been interested in the manner that Mr. Brown states. I learned that especially Mr. Helm was a man of no character whatever; that he had wasted the money which had been placed in his hands.

Mr. MERCER. Which Helm is that?

Senator DIETRICH. Of New York.

Mr. MERCER. Mr. Brown mentions two. Which one is it, Mr. Brown?

Mr. BROWN. I really don't know.

Senator DIETRICH. I believe it is F. C., but I am not sure. I began to make inquiries, because I myself wanted to know the inside of this tangle. I will state that I wired, I think it was Friday, to Mr. Kelby, who is the attorney and a party interested; also Mr. Gillette, who surveyed the road, to come here at once, because I wanted the information, and wanted the committee to have the information. Mr. Kelby will arrive here to-night. Mr. Gillette will arrive here to-morrow night. It was my intention when I came here this morning to ask that the committee do nothing, because of this tangle, until those men should arrive here, and they could inform the committee just what had been done in the past and what they proposed to do in the future; and that they might meet the charges which you see are coming up one against the other.

Mr. MERCER. Mr. Chairman, some of these developments are new to me. Mr. Brown, however, says that the Akron road only had one extension. It had two, I think, that I know of. I had helped to get the second one myself before this committee. This committee gave the second extension. I am pretty sure it had the first one.

Mr. BROWN. I never heard of that.

Mr. MERCER. Now, in view of the complications coming up here this morning, some of it is a surprise to me, and I desire to have some men appear who can speak by the card and who know something about this sale. One is to be here to-day and the other will be here to-morrow. I suggest that the committee take an adjournment until Wednesday, if it is possible to do that. I know the committee wants this information, and I know I do. If nobody is entitled to any legislation, well and good, don't give them any. If they are, let us find out who is entitled to it and act accordingly. How would Thursday morning suit?

Mr. LLOYD. We could meet Wednesday.

Mr. BURLEIGH. Mr. Chairman, it might be possible to have some Alaska gentleman here on the general proposition, the feasibility and the desirability of building this road, prior to Wednesday. There are several gentlemen here who desire to be heard. As far as the testimony is concerned I think it would be as applicable to one proposition as the other.

The CHAIRMAN. It would all bear upon the question as to whether there should be a railroad.

Mr. MERCER. Mr. Chairman, before I sit down I would like to have Mr. Bratnober, of California, heard. He is with us this morning. Mr. Bratnober is the practical financial man of the country up there. The CHAIRMAN. Very well, we will hear Mr. Bratnober.

STATEMENT OF HENRY BRATNOBER, OF CALIFORNIA.

The CHAIRMAN. You are a resident of California, I understand; what part?

Mr. BRATNOBER. Piedmont, Cal., a suburb of Oakland.

Mr. ROBINSON. Please state your business.

Mr. BRATNOBER. I am interested in this bill; it is introduced for Government aid, and that is what we hope to get.

Mr. LLOYD. That is not the purpose of Mr. Robinson's question. What is your occupation?

Mr. BRATNOBER. I am in the mining business. I have been in Alaska a great deal and would like to see the railroad, and for that reason I have taken an interest in the matter; but I am now building a steamer to navigate the Yukon next summer, and the Tanana. That Tanana country interests me very much, and I have traveled through the country a great deal. I find there is a great deal of copper in that country, and this road I am sure would develop a great territory if we could get the copper out of there. Hence this proposed legislation. What we ask is to make a road with a very good roadbed, so that we can handle ore from the interior of Alaska. It would be useless to build anything but a first-class road, as it is just as easy to come out with a train load of 2,000 tons as 200 tons if there is a good roadbed. That road will require some very expensive bridges, and they also must be good. But that Alaska needs railroads, and needs them very bad indeed, is absolutely true, for as the country is situated now it is practically in the hands of one concern, and that is the Northern Commercial Company, who have the only steamboats that are on the Yukon River, and they have a monopoly of the whole country, and provisions are so high that no one but those who have very rich mines can afford to buy them. But if there is a railroad in that country everybody could have a store that wanted to and there would be some competition.

The CHAIRMAN. At this point will you indicate to the committee what railroads there are in Alaska?

Mr. BRATNOBER. There is only one, and that is the White Pass Railroad.

The CHAIRMAN. Beginning where and running to where?

Mr. BRATNOBER. Begins at Skagway, goes to White Pass divide, and there goes into the Canadian territory to the head of the Yukon, or the Lewis River, which is a tributary of the Yukon, and there they take boats. But this road has only about 12 miles in American territory.

The CHAIRMAN. Is there a short road running out from Nome?

Mr. BRATNOBER. There is a little road, but it does not amount to anything more than a street car line here. You would not call it a railway at all.

Mr. MERCER. How many miles of it is built?

Mr. BRATNOBER. As near as I can remember, about 6 miles, or something like that.

Mr. ROBINSON. Will you state to us the character of this ore—copper ore—and the extent of it along in this territory traversed by this proposed road?

Mr. BRATNOBER. The character of it is metallic copper in niclois formation identical almost with the Lake Superior copper mines, and the greenstone that crops out there in that country seems to be impregnated with copper everywhere. I think that is what we are coming to. There is a great deal of copper there. They have also an oxide of copper ore through that country that crops out everywhere nearly between the river and the White River.

Mr. ROBINSON. Very wide in extent?

Mr. BRATNOBER. Yes, sir; the outcrop is certainly very flattering for good, large producers.

Mr. ROBINSON. Well, now, is this judgment of the extent and quality of this copper from specific observation; have you made tests?

Mr. BRATNOBER. I have been in that country and I have had men there, and the object of that boat that I am building now is to take more men up there next spring and some supplies. Heretofore it has been impossible to get much in the way of supplies into that country. It is a hard country to travel through. If I can get up the Tanana River I can put in a good lot of supplies which I will do this coming season.

Mr. ROBINSON. Do you know intimately the Lake Superior copper region?

Mr. BRATNOBER. No, sir; I know nothing of that only from—well, from hearsay—but friends of mine know and are intimately acquainted with it.

Mr. ROBINSON. I only asked you to make a comparison between that region which you knew intimately and the other as to its richness.

Mr. BRATNOBER. Well, I think, from what I can hear of both sections, that they are similar in character. But there is where a railway is very much needed also to supply the placer mines of that country. The way prices are now it would be impossible for prospectors to get anywhere. Prospectors are men who are furnished their supplies by other people.

Mr. ROBINSON. Well, now, if this rich region exists there, and the resources in copper and other minerals are so great, would not private enterprise and capital rather feel like getting into that territory, without taxing the Government with a 95 per cent guaranty?

Mr. BRATNOBER. I don't think we could get private capital to do that. Besides, we are not asking for any money from the Government; we only want their security.

The CHAIRMAN. Mr. Bratnober, in that connection I want to call your attention to a statement which I hold in my hand with reference to certain Alaska railways. First, the White Pass Railway from Skagway to White Horse, 212 miles, is said to have cost \$4,000,000. It is said that it earned the first year gross an amount equal to the cost of construction, and that this year it has increased its earnings. What is your information in relation to that?

Mr. BRATNOBER. Well, I don't know, Mr. Chairman, that I have any information on that subject. I have heard the same thing talked

of, that the White Pass road paid for itself the first season after it was open, but whether that is correct or not I don't know.

The CHAIRMAN. I have a reference here to another railroad, the Wild Goose Railway.

Mr. BRATNOBER. Yes; well, that is, I think, well named.

The CHAIRMAN. It runs from Nome to Anvil Creek, 8 miles, narrow-gauge, 15-pound rail; total cost, \$82,000. Net earnings, \$67,000 the first thirty days. I will submit this statement to Mr. Bratnobar, the second reference, and ask him to ponder upon it. We want to know something about the value of these roads. Just refer to the second railroad there—the Wild Goose Railroad.

Mr. BRATNOBER. I think it means just what it says, that the total cost was \$82,000 and the net earnings were \$67,000 the first thirty days. I think that is correct. It does not quite read that way, but I think that is what it means.

The CHAIRMAN. Will you refer to the next railroad there?

Mr. BRATNOBER. That is the Solomon River road. I was never over that. It is from the mouth of the Solomon River to Council City, 55 miles. There is such a road there, I believe; that is to be extended this year, so I am told. I never went over that road. I understand that it is a pretty good road.

The CHAIRMAN. What does that reference say about it, Mr. Bratnobar?

Mr. BRATNOBER. (Reading:) "Enough freight traffic to pay for the railroad during the first season's work." I don't know anything about that.

Mr. MERCER. How reliable is this statement?

The CHAIRMAN. I am asking Mr. Bratnobar. Please give the committee your opinion as to the reliability of the statements made there.

Mr. BRATNOBER. I think it is pretty well correct, Mr. Chairman, but I have never been over the road. But I know the Pass. I have been to the Solomon River. But in that country, you must understand, it is not a question of what freight costs, it is what you can get it hauled for. For instance, last summer I paid 10 cents a pound to get stuff taken up the Tanana River 80 miles. So if you can get it up at all the question of price does not cut much figure. But freight charges are so high there on the Tanana River—I have seen, when I went through—I went through from Valdez to Eagle City, across the country, and on the Tanana River where supplies are very scarce, I found sugar, salt, and flour and everything of that kind was selling at the same price, namely, 75 cents a pound. It is not what the material costs in the first place, it is the freight getting it in there.

Senator DIETRICH. What distance is the Tanana River from Valdez?

Mr. BRATNOBER. From 200 to 225 miles, I should think. If the Tanana Railway could get to the Tanana River, which is a navigable stream, it would begin to do the business over there without going through the Yukon.

The CHAIRMAN. For the purpose of getting it into the record I want to call your attention to two charges as set forth in Governor Brady's report, and ask your comment on them; state as to their accuracy:

Present cost per ton by horse or dog from Valdez to the interior during the summer, \$2,500 per ton. Present cost per ton by horse or dog from Valdez to the interior during the winter, \$1,000 per ton. Present cost per ton by horse or dog from Eagle City to Tanana in the summer, \$2,500 per ton, and during the winter, \$1,000 per ton.

Mr. BRATNOBER. I think that is correct. In fact, I don't see how one could get across there at all at any price. I did not think there was anyone in that business.

The CHAIRMAN. Do you desire to say anything further?

Mr. BRATNOBER. Nothing further.

STATEMENT OF THE HON. CHARLES H. DIETRICH—Continued.

Senator DIETRICH. Mr. Chairman and gentlemen, I became much interested in the construction of a railroad across from Valdez to Eagle City, because of the fact that this whole section of the country is at present supplied from the Canadian side [indicating on map]. This railroad from Valdez over to Eagle City would give the Americans an opportunity to supply what is known as the Yukon territory, or Dawson; in other words, it is believed that this great traffic that now goes over the White Pass, which has yielded them such large profits, would be diverted over American territory for this reason; Eagle City has an advantage. It is 60 miles from Dawson. The Yukon River between Eagle City and Dawson is very deep and navigable for at least two months to three months more than the Yukon River from Dawson to White Horse, a distance of 800 miles.

At Dawson the Klondike empties into the Yukon and increases the volume of water to such an extent that the river is open between Dawson and Eagle City, as I say, about two months longer than it is from Dawson to White Horse. The Americans could get in there more quickly by that route by thirty days. From Valdez to Eagle it is 435 miles. I rode horseback over part of this proposed road myself two years ago. It is about 200 miles to the Tanana River. It is in that part of the Territory where the great copper fields have been discovered. There is a tundra along the route over which it is practically impossible to construct roads. Tundra is a moss, a soft, yielding moss, and a horse sinks into it up to his belly. You can scarcely go afoot. The Secretary of War a few days ago submitted a report showing where the Government had surveyed a wagon road from Valdez to Eagle City, and the estimated cost of the wagon road alone is \$1,500,000; and I will say that it would be an enormous expense to maintain such a wagon road, even after constructing it.

Mr. LILLEY. A corduroy road?

Senator DIETRICH. A corduroy road over a great portion might remedy this some, but it is like a big slough, and it would all have to be removed and ballasted just the same as a railroad. The great trouble with a wagon road, too, is this—that a season, at the longest, is about five to six months, and when the heavy snows begin the wagon road would be useless for at least six months in the year, and you can readily see that we can not haul fuel into the Tanana to develop those great properties nor haul the ores from the Tanana and Copper River localities to water, where they have coal to treat them. But in order to develop those great properties you would have to construct a railroad at least 200 miles long to reach them. Now, the Tanana River is navigable for about 200 miles, so that you can get 200 miles south—it is navigable north and south—and build from where this river here [indicating on map] would cross the Tanana. And in view of the fact that it would be impracticable, almost, to construct a Government

road, I believe it would be cheaper for the Government to take some measure of responsibility—we will say, guarantee interest upon the bonds. But I should insist, I believe, that a bill should be more favorable than any bill which has been introduced here. I do not believe that any cession should be granted to any corporation unless they, in turn, can give the Government some bond—something that will give us confidence in their good faith, which neither one of these bills does.

Mr. LILLEY. Are you quite sure that these properties are rich in copper ores there? Has it been demonstrated absolutely?

Senator DIETRICH. I have conversed with a number of expert copper men who have been there and personally investigated the properties and the report from all is that they are rich properties.

Mr. DILLEY. Workable?

Senator DIETRICH. To a reasonable extent; yes, sir. Mr. Bratnober is a man of world-wide reputation, an eminent expert, and he is a man of means. He has told me about these properties—

The CHAIRMAN. Mr. Bratnober, what is your view of these copper fields?

Mr. BRATNOBER. There is every prospect of great copper fields in Alaska.

Mr. LILLEY. Do you know absolutely?

Mr. BRATNOBER. Yes, sir.

STATEMENT OF ANDREW F. BURLEIGH.

Mr. BURLEIGH. I just wanted to make one comment in regard to the criticism which Senator Dietrich made on these bills. Senator Dietrich says that the Government should be made security, a bond given, or something of that sort. Now, I want to call the committee's attention to the fact that in his bill which he introduced in the Senate he provides that the Government shall guarantee the bonds of his company to the extent of \$40,000 a mile, that guaranty to be attached to the bond as each 10 miles of road is constructed. Now, the other bill introduced here by Mr. Cushman, and in which I am interested, we agree and undertake to build this road from the Pacific Ocean to the Yukon River before any guaranty whatever is given to us, in case we put the money up and build the road from the ocean to the river; so that the Government gets the consideration for which it pays before a dollar of guaranty is made.

Mr. MERCER. The people back of the Mondell bill are also willing to do the same thing, and give a bond of \$200,000.

Mr. BURLEIGH. You do not do it in your bill.

Thereupon the committee proceeded to other business.

COMMITTEE ON THE TERRITORIES, *Thursday, February 9, 1905.*

The committee called to order at 10.35 a. m.

The CHAIRMAN (Mr. HAMILTON). Gentlemen, which corporation desires to be heard this morning?

Mr. BURLEIGH. I have one or two witnesses that I should like to have the committee hear on the general proposition of the desirability and necessity of a railroad in Alaska.

STATEMENT OF SAMUEL M. GRAFF.

The CHAIRMAN. What bill do you address yourself to?

Mr. GRAFF. Mr. Chairman and gentlemen of the committee, I would like to preface my remarks by saying that I am not here in the interests of any bill that is before this committee. I learned recently that this session of Congress had before it some legislation looking toward the building of railroads in Alaska, and I was given the opportunity, through the courtesy of Mr. Burleigh, last Sunday, to come here and be heard before you gentlemen on the needs and necessities for a railroad in Alaska.

I went to Alaska in 1894 and remained there continuously until last September, something over ten years, during which time I have hammered a living out of the country by chopping wood, mining, driving dogs, and freighting for other people. I have been for the last two years one of the United States commissioners in the district, and I believe that I know the country from A to Z about as well as anyone you could get from Alaska. I am here to raise my voice in earnest advocacy of the building of a railroad connecting the salt water with the Yukon River. That is all I am here for, and not to talk for or against any bill that is before you.

As to the practicability of building such road, I would like to say, not from a technical standpoint as a railroad engineer, but from the standpoint of a man who has tramped over those hills, snared rabbits, sought pay streaks, and one thing and another, that there is nothing serious in the way of natural obstacles to the building of such a road. The Copper Range, which is a spur of the Wrangell Mountains, has two or three easy grades, low passes, to get through. The difficulties of building a railroad would not be many, and comparatively easy out of Valdez or off the coast at any place up the Copper River, except in crossing the range, which would, as I say, present no great difficulties, nothing like the White Pass and Yukon road had to contend with in building from salt water to the head of navigation on the Yukon River. From the Tanana River, in and before you get to it, the country is flat, rolling, with an easy grade. That general level continues right on then for a distance of about 225 miles to the banks of the Yukon River.

Mr. CAPRON. Starting from Valdez?

Mr. GRAFF. I am speaking now of the Tanana crossing, which is, roughly, half way between the Yukon River and the coast. The country there is mineral bearing throughout but principally productive now of placer gold, for reasons which I will take up later on. So that in speaking of the practicability of building that road from the Tanana to the Yukon, you would practically have a level grade into Eagle City, approaching which, at a distance of 10 or 15 miles away, you get a general natural grade right down to the town site on the Yukon River. Arriving there you are about 1,600 miles above the mouth of the river and 800 or 900 miles below its source. The Yukon River is navigable in a practical way above Eagle City for about 700 miles; in other words, up to the White Horse Rapids, above which or through which steamboats can not go.

Mr. CAPRON. Can you designate point by point on the map?

Mr. GRAFF. I would be glad to do that, but I don't want to take up the whole of the committee's time on that, because you can get it in

a more detailed way from technical men, perhaps. I would like to say this, however, that you would build a road there through the most generally populated part of Alaska. In other words, from the coast through in that latitude, or about that latitude, to the Yukon River will be found to be more generally populated than any other similar district in Alaska to-day. That distance of 400 miles the population of course is not thick, and I would estimate, perhaps, including the population of Valdez and the population of Eagle City, 2,500 people. That of course is crossing the Tanana River, away north of the new town of Fairbanks in the Fairbanks district, of which I will speak later on. But the White Pass and Yukon Railroad in driving their line from tide water to the foot of Lake Bennett, beyond which they have gone some distance, although the White Horse is the head of navigation, unquestionably had greater natural difficulties than a road would encounter going through there [indicating]. For instance, down the shore of Lake Bennett it was solid granite for about 30 miles, and they had to blast it out, but finally they got through.

As to the need of a railroad I would like to deal more at length. It is such a big subject that I hardly know where to start. In the first place, Alaska to-day is cut off from ingress and egress, access of any kind, except by wire, for eight months out of the twelve. Now, that is a condition that makes it possible for the population and the welfare and the trade and business of the whole of Alaska to be held practically in the hollow of the hand of the big commercial companies.

Now, I am not here to antagonize or say anything harsh or ugly against them, but the fact of the matter is that we people are in their hands absolutely, for the reason that no man of ordinary means can go into the interior of Alaska and do a commercial business. In the first place, the capital to be demanded is enormous when you consider that you have but two months or three months of the year in which to take in sufficient supplies of all kinds to last for twelve months, and it will take you on the average fifteen months to turn that money over. You would have to build a fleet of steamboats to take the supplies up from the mouth of the Yukon River, and you would have to build warehouses in sufficient number and size in which to store the supplies. The result is that the company feels itself justified in charging prices that seem unreasonable, and are unreasonable.

There is much to be said in justification of the high prices, the lack of insurance, the time their money is tied up, the keeping of the supplies there, and the various risks, natural and otherwise. And of course those all go together to justify the high prices. The matter of transportation is paramount on the Yukon River, which is, of course, one of the largest rivers that we have in the world and is navigable for large boats as far as Dawson. The transportation is comparatively cheap and has been getting cheaper for the last two or three years; but from the Yukon River to the point where men are operating and mining is where the rub comes. I have been living for the last two or three years 43 miles up the Fortymile River, the Fortymile River entering the Yukon about 50 miles above Eagle City. We pay 8 cents a pound for freight in the summer time and get our supplies from the Yukon River.

THE CHAIRMAN. In seeking the importance of railroads in Alaska I desire to inquire of you if you have investigated the three bills—I think there are three bills—referred to this committee; and, if so,

whether you are prepared to state to this committee the important element of difference between the bills.

Mr. GRAFF. Well, I have only seen two bills. One, I believe, is known as the Mondell bill and the other was introduced by Mr. Cushman.

The CHAIRMAN. There was another one lately introduced by Mr. Connell.

Mr. GRAFF. That I have not seen.

The CHAIRMAN. That relates to the Akron, Sterling and Northern Railroad.

Mr. GRAFF. Well, the terminal of that road is at Valdez, the salt-water terminal.

The CHAIRMAN. And the northern terminal is Eagle City, is it not?

Mr. GRAFF. Yes; still I believe that is true also of what is known as the Mondell bill.

The CHAIRMAN. Now, if you have examined the Mondell bill and the Cushman bill I would be pleased to hear you discuss the difference between the bills, if you are prepared to do so. However, I do not wish to ask you to deviate from the discussion of any phase of this situation that any other member of the committee desires to have discussed.

Mr. LLOYD. I should think from his previous statement that he is not prepared to discuss the bill.

Mr. GRAFF. I have not gone over the bills carefully, nor sufficiently to volunteer information now, excepting in a general way, as to the coal proposition.

Mr. LLOYD. He said that he did not want to take part in a discussion on these measures.

Mr. CAPRON. The parliamentary situation would be about this: We have some bills before us, and in a general way we should enjoy hearing all about Alaska, and yet some bills that we have in concrete form we must either reject or approve. That we want to know about. It is along those lines.

Mr. LLOYD. If we are disposed to consider any of the bills, we make choice between the bills presented, and that choice which is made from the facts presented by the parties.

Mr. CAPRON. That is true, only an academic presentation of the general situation in Alaska would not be sufficiently concrete for the purposes of the committee, I was afraid; that is all. I am glad to hear about it, only I should like to know if there is anything against any particular bill or in favor of any bill, or are they all good?

Mr. LLOYD. I think he is taking the position that they are all good.

Mr. GRAFF. Give us the railroad. Regarding those bills, there is this to be said. The fuel proposition in Alaska is a serious one. The boats of the Northern Navigation Company, which is a branch institution of the Northern Commercial Company, have been for the last two years burning oil on their boats, on account of the expense and the growing scarcity of fuel to be had on the Yukon River—I am speaking now of wood. The timber of Alaska generally, especially in the interior, is small, very small, sufficient only to build log houses and fires with; and along the river of course it is getting pretty well cut out. There are something like 90 or 100 steamboats engaged in the traffic on the Yukon River, and they eat up a lot of wood. So that the Northern Navigation Company for the last two years have been burn-

ing crude oil that they ship up in oil boats from California, unloading them at St. Michaels, where the supply station is, and then with barges they distribute the oil up the river. This oil, as I say, is brought from California.

The oil that has been exploited more or less on the coast I have reason to believe is all that is claimed for it and sufficient to supply all of Alaska and lots to spare; but it is the same proposition that you are up against again—transportation. There is no way to get it to the boats, so that fuel is a very important consideration, and the time is about here now when coal will have to be brought into Alaska; and the bill, I am not sure which one it was, that contemplates opening up this Kayak coal field is entitled to consideration, because coal must be had. Coal must be distributed up and down the Yukon River.

Mr. LLOYD. Are the coal fields near Eagle City or near Valdez?

Mr. GRAFF. Oh, no; the coal is on the coast south of Valdez. I do not know exactly how far it is, but it is 20 or 30 miles east of the mouth of Copper River.

Mr. BURLEIGH. East of Valdez?

Mr. GRAFF. Just below the mouth; practically at the mouth of the Copper River.

Mr. LLOYD. Is it not true that there are coal fields up near Eagle City?

Mr. GRAFF. Yes; they have opened up coal. The North American Transportation and Trading Company opened, in 1899, what they call their Cliff Creek mine. That is about 47 miles below Dawson; but after spending a large amount of money there—I don't know how much, I have been informed about \$300,000—they discovered that they were working in a slide, and after they had got in a short distance they found themselves in a glacial muck of trap rock, slipping one way and another. They have been taking out 4 or 5 tons of waste to every ton of coal. That was abandoned two years ago. But the Josslyn-Williams Company have been prospecting ever since that time, and claim now to have found the ledge from which the Cliff Creek slide came, and they have opened up extensively there in the last two years. That is about 49 miles below Dawson. The two mines are about 2 miles apart.

Mr. LLOYD. How far from Eagle City?

Mr. GRAFF. About 40 or 43 miles, on the Canada side.

Mr. LLOYD. They are not in the United States?

Mr. GRAFF. No, sir; that is in Canada.

Mr. CAPRON. Before you leave the proposition of coal, is this one coal field the only considerable coal field discovered up to this time, the one to which you have referred? Are there other fields?

Mr. GRAFF. No; I have just been speaking now of this field on the Yukon River, the Canada side. There are other coal fields; there are other places all up and down the Yukon River where it outcrops, but none of them have been developed. At intervals up and down the river they find outcroppings of coal, but most of it, however, is a low grade of lignite and not a good steaming coal. They claim that the Williams coal is a good steaming coal. I have burned it myself, and the Yukon Electric Power Company are now using it for operating purposes. Across the country, all the way from the Yukon through, there are marked evidences of coal, but none of it has been exploited, and none of it is of any known value yet.

Mr. LLOYD. This coal field that you speak of on the coast has been investigated?

Mr. GRAFF. That has been investigated, and it shows up better than any coal measure that is known of in Alaska.

Mr. GRAFF. But to get back to the influence of the railroad and the necessity for the railroad in getting around through the country: The prospecting of that country, the going out by the men who are there with the idea of bettering their condition, going out with their gold pan and pick and shovel, and a little bit of grub of course is something that is limited. Those men are limited in their efforts in that direction simply by what they can carry up between their shoulder blades. They can carry grub for twenty days, we will say, and they have to cut their traveling down to eight days out and eight days back, because they have to have enough grub to get back.

It is conditions like that that the railroads will ameliorate, because it will open up stores and supply stations all through that country, which will result in its population and development and progression. The thing is just like ants getting together and building an ant hill. There are hundreds of men there that I know, hundreds of them, strong, sturdy, big-hearted American citizens, who go out there and come back with their prospects, eager, enthusiastic, confident, and what they say is, if they could only get there. But from the excessive cost of it it is simply an impossibility, just as Governor Brady says in his report. He gives the present cost per ton by horse or dog to Valdez during the summer as \$2,500 a ton. I do not know just what the governor means by "the interior." He can not get in from Valdez to Eagle for anything like that. The present cost from Valdez to the interior during the winter he gives as \$1,000 a ton. From Eagle to the Tanana in the summer is \$3,500 per ton; that is half way only. And you can not always get taken in.

You can not always find the men who are willing to tackle the proposition, or have the dogs or horses, or the backs to break in packing it. Our own Government, which is usually pretty good in driving a bargain, has a contract with Oscar Fisher, of Valdez, to make a bimonthly trip from Eagle to Valdez, 200 pound limit, for which the Government pays \$3,500. Then they have a second contract with Foote and Grant—that is, a private contract with Fisher's—to carry 400 pounds of mail twice a month from October 1 to May 1, that is over the snow, practically, for \$21,500. From the 1st of December to the 30th of April they pay \$20,000 for carrying 400 pounds of mail, just during that time, twice a month. And the fourth contract that runs on between Valdez and Eagle, the practical terminals of any one of these routes, is, for 200 pounds twice a month, \$900 a trip. We can easily figure what that is. That is \$4.50 a pound for freight, or \$9,000 a ton. That is what Uncle Sam is paying to-day to get across that country with mail; just \$9,000 a ton.

Uncle Sam gets it done just as cheaply as the poor man who lives in that country, the prospector, can get it done, if not cheaper. Those are the facts and figures that we are up against. I believe that a railroad built from tide water somewhere on the Gulf of Alaska to Eagle, where it would have to go or else go down the river three or four hundred miles, as there is no chance of getting in except there, would entirely change conditions there and open up that whole country.

Mr. RODEY. Why could you not get in; is that on account of the high ground?

Mr. GRAFF. Yes. There is no chance below for a long ways on account of the banks, and then 12 miles above of course you are in Canadian territory. Going down the river you would have a long distance and would have to go through a long stretch of territory not populated as extensively as the district contemplated is, and which is not known to be as rich in mineral wealth.

Now, I want to take up the Dawson proposition, just briefly. The discovery of the Klondike in September, 1896, of course startled the world. The world generally was just in the right humor to receive it. The country was just coming out of a long period of depression, and many men had lost their little all, and everything was ready for what occurred, one of the greatest stampedes that ever took place, into Dawson. The following year, 1897, the White Pass and Yukon Railroad Company started to build their road over the pass.

It was stated here by your chairman last Monday, I think, from some memoranda that he had, that that road was reported to have paid for itself the first season. I have never had access to their books, but it is generally believed to be true. I do not see how it could have been otherwise in view of the freight rates they charged.

Mr. BRICK. What do they charge?

Mr. GRAFF. The White Pass and Yukon, I must explain, to-day operate all the way from Seattle to Dawson. They have their own line of steamers on the river, and they own the railroad, and they have a flat rate now of about \$48 a ton. The rates on everything that comes along are built up on that flat rate. The average price per ton of the merchandise brought in there is \$68. That is the average of the merchandise carried from Seattle to Dawson.

Mr. LLOYD. How far is that?

Mr. GRAFF. There is a long stretch of that that is down grade, and a thousand miles of it is salt-water navigation, where anyone can get all the transportation he wants. The difference goes into the pockets of the White Pass and Yukon.

Mr. BRICK. What is the length of that road?

Mr. GRAFF. About 225 miles.

Mr. IVY. It is 109 miles from Skagway to White Horse.

Mr. GRAFF. Yes, sir; that is right. I do not know the exact distance. I would have called it a little more than 109 miles. The distances shrink after you get railroads on them. But it used to be 200 miles when we were packing our grub across there.

Mr. LLOYD. If this road should be built, you think that there should be some understanding, then, as to what the freight-rate charges should be?

Mr. GRAFF. The Yukon terminal at White Horse is still 600 miles above Dawson, so that for eight months of the year Dawson is still 600 miles away from civilization when it comes to getting in supplies or passengers or anything of that sort. The road to Eagle City reduces that 600 miles to about 90 miles, so that it is an assured fact that the completion of that road means the supplying of that part of the Canadian territory over the American line. That is a certainty that we can not get around. Of course the White Pass and Yukon will still continue to do business on the upper river around Atlin and

White Horse and the Alsek district and all up there, but the great body of that traffic to Dawson and the Yukon will go this way.

Mr. LLOYD. If the White Horse Railroad has taken advantage of the people by charging these enormous freights, what assurance have you that any railroad built from Valdez to Eagle City would not charge an extortionate rate, so as to make it impracticable for the miners?

Mr. GRAFF. We naturally suppose that Congress, in granting whatever legislation is asked for, will throw some safeguard around us.

Mr. LLOYD. That is what I was getting at. You want some protection?

Mr. GRAFF. Yes, sir.

Mr. BURLEIGH. We have that in our bill.

Mr. GRAFF. But you will find that there is very little complaint by the people in that country on account of freight charges. It is not "How much is it"? The question they ask is "How much can I get"? The theory of the companies operating there is not how much the miner will give, but how much will the poor devil take out in a season.

Mr. LLOYD. What you desire is to overcome those conditions and to place yourselves in touch with the markets of the world?

Mr. GRAFF. To secure for those places better touch with the markets of the world. And because of the plan of this railroad, the same thing will open the country and bring about the same condition of affairs which has happened at Nome. Nome has the natural waterway, so that anyone can charter a tramp steamer and come up there. At the discovery of Nome the two companies went in there and they built their warehouses and put in fine stocks of goods, the same as they did at Dawson, and two years afterwards they sold out for what they could get; because as soon as it became worth while, the first thing they knew here came a little fellow along with \$10,000 and he could put in just as good goods as the big company could. There were plenty of steamboats and he could get them there; and after being there for a couple of years, both of them sold out. At Dawson, on account of the competition that has been made possible to-day by the railroad, both companies are doing business at a loss and are anxious to get out.

Mr. THAYER. I want to get your idea about building this railroad up there. Do you think that the road to be built there would approach in profits that road that is already built there?

Mr. GRAFF. Hardly to so phenomenal an extent.

Mr. THAYER. You think it would be a paying enterprise?

Mr. GRAFF. From the very moment it struck the Tanana River. I am so positive of it that I would build that road at once and put my last dollar into it, if I could.

Mr. THAYER. Why do not capitalists build that, then, without asking the Government to do so?

Mr. GRAFF. Because the people that go to Alaska go there to better their condition, and when they get there, in order to accomplish what they have gone for they scatter over a large territory, and the money is not there to build the road.

Mr. THAYER. There is money enough in the United States, and it would not take but a two-cent stamp to inform somebody here of the great opportunity, and the money would be there.

Mr. GRAFF. But these capitalists that I have talked to about it say it is too far, and they scratch their heads.

Mr. THAYER. Do they not scratch their heads more about the doubtfulness of the enterprise? Is not that what causes them to scratch their heads, more than the distance?

Mr. GRAFF. Yes; but they can not go there and see for themselves.

Mr. THAYER. But a Yankee will go almost to Hades if he thinks he can make money, and if this is such a golden opportunity to make money I can not see why they are not out there making the money and why it is that you have come here and asked the Government to assist in this enterprise.

Mr. GRAFF. That is out of my line now.

Mr. THAYER. It is out of our line, it seems to me.

Mr. GRAFF. The proverbial timidity of capital has stopped it so far. And the only people who have made anything out there are the Alaska Commercial Company of San Francisco and the North American Trading Company; and they are not very high spirited over the situation. They have made a great deal of money. But at Dawson, on account of transportation facilities, and at Nome they are going out of business. At Nome they have gone out entirely. They used at first to make thousands of dollars by trading a spool of thread, or some such thing, for a silver-gray fox skin, and naturally it was not hard to do at first; but now that the people are getting in there who know the business they can not make the money, and they are moving out. But this part of Alaska where this road is proposed is entirely in their hands yet.

It is not generally known, perhaps, that at Fairbanks, on the Tanana River, that is the new camp about 250 miles above its mouth, there are 7,000 people now concentrated into an area, taking a circular area, of, say, 50 miles across. That is the new town of Fairbanks, which the western coast, up and down, and the northwest generally, are looking at and talking about, in a good deal the way that the Klondike was looked at and talked of in 1897 and 1898. The population of Dawson has, so far as its American element is concerned, gone almost to a man down the river to Fairbanks, and that is a very large number, because the Klondike was opened up by Americans and is largely populated by Americans.

Mr. THAYER. How far is it from Fairbanks to Dawson?

Mr. GRAFF. Seven hundred miles. It is 500 miles downstream and 200 miles up the Tanana River.

Mr. THAYER. What is going to feed this line?

Mr. GRAFF. The population of the Yukon.

Mr. THAYER. What is that, anywhere within such a distance as to make it accessible to that road, anywhere within 500 miles of where this road is to go?

Mr. GRAFF. This road would supply all the camps on the Yukon River. Instead of the supplies being carried over the highest pass, they would be landed at Eagle.

Mr. THAYER. Assuming that, what is that population?

Mr. GRAFF. That is, including now, Dawson and that part of the Canadian territory tributary to it?

Mr. THAYER. Yes, sir; take the whole shooting match in.

Mr. GRAFF. I should say, in the summer time, 50,000.

Mr. THAYER. Will 50,000 people up there, with their demands and desires and interests, pay any dividend on that road?

Mr. GRAFF. Would they pay any dividend on that road?

Mr. THAYER. Yes; would they furnish business enough to pay that line of very expensively built road?

Mr. GRAFF. Yes, sir; I think they would.

Mr. THAYER. It would take a good many trampers up there, and promoters, to ship over it.

Mr. GRAFF. No, sir; they would be dependent upon that road for everything they had.

Mr. THAYER. They would be dependent upon it for everything they had, but what would they want?

Mr. GRAFF. Clothing and food and machinery and portions of houses and picks and shovels and blacksmiths' outfits, for instance.

Mr. THAYER. They would not all want such things as blacksmiths' outfits, would they?

Mr. GRAFF. There are very few men that will not have a little board floor in their cabin if they can get it, and they will all want a little stove in there instead of cooking outside, if possible.

Mr. THAYER. What would 50,000 people want—how much would they want? Counting their food and clothing, how much freight would come from supplying all the needs of those people that we are assuming will be there?

Mr. GRAFF. Their average needs would perhaps be $2\frac{1}{2}$ tons per annum.

Mr. CAPRON. What did you say the price of freight was at the present time over the White Pass and Yukon—the general freight rate?

Mr. GRAFF. Forty-eight dollars, I think, is what they call it.

Mr. CAPRON. Call it \$50. We will say that an adult, well fed, eats a thousand pounds of food, or that his food and clothing will be about a thousand pounds a year. A population of 50,000 means 50,000,000 pounds, and at \$50 a ton that would make \$3,000,000 income for the railroad.

Mr. GRAFF. But you are altogether too low on the amount consumed.

Mr. LLOYD. That is not based on the theory that this country is going to develop.

Mr. GRAFF. Yes, sir, and it is; but a great deal has been said here as to the probable development of that country, and my motive in coming here now was to tell you what there was now calling for this railroad. I have noticed and been allowed to read what has been said to this committee, and I have been particularly impressed by that fact, that no one has taken occasion to say what is there now awaiting the railroad.

Mr. POWERS. Do you not apprehend if you open up this country by a railroad that it will not only open up certain coal and mining districts but that you will largely increase the general population?

Mr. GRAFF. Yes, sir.

Mr. POWERS. By making it possible for people to get in there and live who will utilize the services of the Yukon railroad?

Mr. GRAFF. Yes, sir; I have referred to these conditions that exist there now, under which people are trying to get out in this country to work; and they will go there by hundreds as soon as it is made possible for them to go there and live.

The CHAIRMAN. Have you anything further, Mr. Graff?

Mr. GRAFF. No, sir; I think not.

The CHAIRMAN. There is a gentleman here, Mr. Kelby, who I understand desires to address the committee on the Mondell bill, No. 18,526, and to make some reply to Mr. Brown.

Mr. MERCER. I was in error, Mr. Chairman, yesterday, or at the last hearing, when I said that the Akron, Sterling and Northern had received a second extension from Congress. The second extension asked for passed the Senate, but never passed the House.

Mr. BURLEIGH. Will you allow Mr. Hazelet to read a letter from Professor Winchell which is in line with Mr. Graff's remarks? He represents another bill.

(Permission was given to Mr. Hazelet to insert the letter referred to in the record, and it will accordingly be found at the end of this hearing.)

STATEMENT OF MR. JAMES E. KELBY.

Mr. KELBY. The varying ease with which testimony is produced and filed with this committee makes it very easy for witnesses on their feet to cast aspersions on others by the mere force of statement. We have not here the same formalities that attend the administration of justice by a court, although we are after justice; and when a gentleman, in my absence the other day, said that I had received something, and that I was still holding it in satisfaction of something else that went from me to them, then I made up my mind that it was my duty to appear before this body and to be explored.

I want to say in answer to each and every statement that Mr. Holdrege and myself every received a penny from any railroad company of which Mr. Brown spoke, or from any other railroad company with which he is connected—and, by the way, he represents a multiplicity of corporations here—that the burden of proof is up to him.

The fact is this, that Mr. Holdrege and myself entered into conditional contractual relations with an institution called the Pacific Company, in which my friend Judge Stewart, of Pennsylvania, is an owner of some stock, as I understand it; that is, if it has issued any stock. If it has ever issued any stock I have never seen any of it.

Mr. STEWART. There are 1,500 shares of that stock in the hands of the Knickerbocker Trust Company—

Mr. KELBY. The Knickerbocker Company has it, then; but I think the only thing you have to show as evidence are these photographs, and these photographs were never paid for by your money. There was not even a dollar of your money spent at the World's Fair at St. Louis; and yet you have the effrontery to come in here and say that you spent \$40,000 for photographs and \$30,000 for exhibiting them down at the World's Fair. Now, whatever I did, and whatever Mr. Holdrege did, and whatever others did, is expressed in writing, and that writing is the best evidence of our status; and the gentlemen tell me that they have copies of that writing, and before the committee gets through I would like those copies to be produced here.

Mr. STEWART. I will produce them for your satisfaction, if not for your mortification.

Mr. KELBY. Now, gentlemen, myself and my associates who are here have been trying to enlist capital for the building of a railroad in the district of Alaska. We have from the beginning believed in the possibility of the undertaking. Some of us know something about the mineral resources of that state. Some of us have been there.

Mr. MOON. Which one of the railroads do you want built?

Mr. KELBY. Sir, I say now, on my patriotic side, I do not care which one, if we can produce some one who is able and willing to build it. That is the important test. I have simply become associated by virtue of an invitation from Mr. Henry Bratnaber, of California, and Ex-Senator Manderson, of Nebraska. It does not make any difference about me. If the committee please, you can dismiss me from this bill. I will be glad to go hence without day and recover my costs somewhere else. It is absolutely immaterial what I want to do. What my friends want to-day, what I believe the major portion of the people of this country want, is a railroad in Alaska; first, because we believe that the railroad is a prime necessity at this moment for the full development of the resources of that state, which I understand in respect to copper alone, if the copper-producing sources of the whole world were suspended to-morrow, could produce enough copper to supply the entire world.

Now, some questions have been proposed by members of the committee this morning, I do not think all of them seriously.

There was a time, you know, when we were very anxious to assist in the development of railroads, and this body many years ago, when I was yet in an embryonic state, helped out several corporations of which I have read, and some of which I have known, by giving them not only donations of land which in later years, as the roads became developed and the population built up, became immensely valuable, but in addition to that gave them some money. Now, all that we are asking is this. This is a new country in which we believe. We say to Congress: "Give us your credit only to the extent of guaranteeing the bonds in a maximum of 4 per cent per annum—30-year bonds."

Mr. MOON. Which company's bonds do you want guaranteed?

Mr. KELBY. Well, sir, I am speaking now directly in relation to the Mondell bill, so called.

Mr. MOON. I thought that it did not make any difference to you which one it was.

Mr. KELBY. Well, I said it was immaterial to me as an individual.

Mr. MOON. Yes.

Mr. KELBY. I simply say that if this committee and the Congress of the United States shall say to my associates—with myself left out—"Go ahead; we will do this for you," I will say that this road shall be absolutely built. We will produce and file with the Treasurer of the United States a bond for \$250,000 or \$500,000 that that road shall be built. It is not asking a great deal.

Now, the gentleman said that if these resources were present in Alaska there ought to be no difficulty to get the ordinary Yank to surrender up his money quickly and put her on her feet. But it is difficult, gentlemen, in respect of Alaska. People have been taught that there are there but ice and snow, and that even the sun comes to shine but occasionally during a part of the year. You have got to show people that there is something there, and it is pretty hard to convince the big railroad men of this country to-day that we need very many more railroads here. We do need them in Alaska.

Now, as to the question of rates; someone has raised that question.

Mr. LLOYD. I do not know how the rest of the committee feel, but I would like very well for you to settle this question of the difference about which you split.

Mr. KELBY. I was getting to that; and since you wish it I will depart immediately. I was one of the incorporators of the Akron, Sterling and Northern Railroad Company, which was incorporated in Colorado, I think, in 1898. Mr. Brown said that we were a Montana corporation; but that is immaterial. The company was incorporated in Colorado. This company acquired what right of way it acquired in Alaska by virtue of compliance with the law of that district. Two years ago, when the time had about expired under the provisions of that act, the company prepared, and Congress passed, and the President afterwards approved, a bill extending the time. That time, I believe, expired on the 5th day of this month. I do not concur with the view of Mr. Brown in respect of the law relative to the rights of this company.

Under the law of 1875 there was probably a hiatus when the court held that the act itself was not self-executing, and that there had to be an inquest and office found before any right acquired under that act could be extinguished or eliminated. When Congress passed the act with reference to the right of way in Alaska, then Congress, having in mind, I think, what the Supreme Court of the United States had held in a number of cases to which Mr. Brown has referred, changed the wording of that act. That is a question upon which the committee can decide for themselves whether or not what I state is a fact. The act specifically provides that the right shall absolutely lapse and determine, "anything found herein to the contrary notwithstanding," or words to that effect. Now, in the old law there was no provision to that effect. It simply says "if you shall not have completed your line of road in the time specified, to wit, five years, then your right shall lapse." If the members of the committee will compare the provisions of the two acts I think that they will agree with me that Congress had in mind the decision of the Supreme Court of the United States in that respect and cured it.

Mr. MOON. Are you against the extension of the time for that company?

Mr. KELBY. I don't know whether I am or not.

Mr. MOON. From your argument I did not know which side you were on.

Mr. KELBY. I am simply saying that that institution, in my judgment, as a matter of law is absolutely dead.

Mr. MOON. Suppose that we should think that it was not dead under the law; would you object to having the time extended?

Mr. KELBY. I think that perhaps Congress, under its supervisory authority, would have the right to galvanize this thing into life.

Mr. MOON. That was not my question. What is your ground of opposition to that?

Mr. KELBY. I am not opposing it. I am not here for the purpose of opposing this or anything else.

Mr. MOON. That is what I want to get at. I can not get at it exactly. I may be dull about it. What do you want? Are you in favor of this extension, or which one of these bills are you for and which one are you against? I just want to get it down.

Mr. KELBY. I have already stated that my name is coupled with the name of Mr. Bratnober and others.

Mr. MOON. Then you are in favor of that bill?

Mr. KELBY. Yes, sir.

Mr. MOON. And you are opposed to the others and in favor of that bill?

Mr. KELBY. Yes, sir.

Mr. MOON. Now, that is all right.

Mr. KELBY. Now, they say that myself and my associates, acting in the utmost good faith, sold out our interests and got some money for them, and that we ought not to be here to-day asking Congress for something else. I want to say that we have never received a single dollar from these people. We have never received the equivalent of a dollar. I have never even received my personal expenses, which they guaranteed, and I have made two trips down there at their behest, and probably spent a week's time, notwithstanding that before I left home they said: "We have got this thing financed, and we have the money ready. Now, you bring down your papers and deposit them with us under an agreement, and then we will issue you some stock of ours," and all that sort of thing; and I say that that has never been done. On the contrary, gentlemen, the statements that were made to me, not only orally, but in writing, by telegram and by letter, that they had financed this road were untrue in point of fact, and I think that Judge Stewart will agree with me that that was so.

Mr. STEWART. I do not know whether he will or not.

Mr. KELBY. Have you the money yet?

Mr. STEWART. I do not know; but that is not the question before this committee.

Mr. KELBY. I am asking a question. The question is whether or not we have received something and are holding on to that. I say that we never received a penny, and we never received any other valuable consideration or any other thing.

Mr. STEWART. Will you read that [indicating paper]?

Mr. KELBY. Yes; I know all about that; and several days ago I asked you and the trust company to return to us the stock, although I do not think the stock has much value.

Mr. STEWART. You did not ask me.

Mr. CAPRON. I imagine that this controversy is not a material matter before the committee.

Mr. LLOYD. Yes, sir; it is a very important matter. You were not here the other day.

Mr. CAPRON. No.

Mr. LLOYD. The impression was left here the other day that the company with which Mr. Mercer was connected—you know Mr. Mercer?

Mr. CAPRON. Yes, sir; well.

Mr. LLOYD. The impression was left that he was here representing a company that had taken advantage of the rights of the other party and had sold out to them for a valuable consideration, and now was coming here again and wanting to get the advantage from the Government against these other people to whom they had sold out their rights.

Mr. CAPRON. I beg your pardon; I did not understand whether it came within the purview of the committee's jurisdiction.

Mr. POWERS. As I understand your statement, it goes to the fact that you have received nothing, that they have not paid you?

Mr. KELBY. Yes, sir.

Mr. POWERS. Do I understand you to say that you have not endeavored to sell something to these parties?

Mr. KELBY. We simply, in the endeavor to construct this road, relying upon their representations that they had the money with which to do it, tried to put it in their power to accomplish it. That is what we have tried to do.

Mr. POWERS. You have made the sale to them?

Mr. KELBY. The contract is here. It is in writing.

Mr. POWERS. They have not paid?

Mr. KELBY. They have never had this money. Now, I have been fair with them. I have said to these gentlemen right along, month after month, "You have been unable to accomplish anything. Let me now try my hand. I will do what is proper if I succeed. You have not been able to do anything."

Mr. SPALDING. Did you make an absolute or a conditional sale?

Mr. KELBY. I think I made a conditional sale.

Mr. LLOYD. If the contract is in writing, why not have it here?

Mr. KELBY. It is here.

Mr. BROWN. I have the contract in my possession, and will offer a copy of it to the committee.

Mr. LLOYD. Do you object to it going into the record at this time?

Mr. KELBY. Not at all; any time.

Mr. STEWART. That is not an attested copy.

Mr. KELBY. I shall simply reserve the right to object to that for want of competency. I do not know whether it is a copy or not. If it is a copy of that document, I have not any objection to it. In my opinion, I think it is.

Mr. BURKE. Would you recognize it if you heard it read?

Mr. KELBY. I think so.

Mr. BROWN. If you will permit me, I will say that we are informed by counsel in New York that it is a copy, and they say that it has not been performed.

Mr. STEWART. They say that Mr. Holdrege has not performed his part of the contract?

Mr. BROWN. They have the opportunity of taking down \$150,000 to start with from the Pacific Construction Company and \$75,000 of the bonds, to which he is entitled when he performs his contract.

The CHAIRMAN. I assume that there is some other gentleman here who desires to be heard briefly before this committee adjourns, and if that be true, I should suggest that that gentleman might proceed for, say, ten or fifteen minutes, giving Mr. Kelby an opportunity to examine this contract, if he so desires, and that the contract may then be received and become a part of the record. I take it, in any event, the contract should become a part of the record, and Mr. Kelby would then have an opportunity to controvert it. You may take either course you prefer.

Mr. LLOYD. Unless it is authentic, we do not want it to become a part of the record.

Mr. BROWN. We will prove its authenticity beyond any question.

Mr. KELBY. I just want to leave this one thought with this committee. I want to say that even if there were some obligations on the part of Mr. Holdrege and myself to perform, we have performed them absolutely.

Mr. MERCER. Is this the first notice that you and Mr. Holdrege have received that they were not satisfied with the transactions in this matter?

Mr. KELBY. I never heard any complaint.

Mr. MERCER. I know that I have never heard any complaint at all.

Mr. KELBY. No, sir.

Mr. MERCER. That is what I thought. I never heard any.

The CHAIRMAN. What action do you gentlemen want to take?

Mr. KELBY. I do not think this ought to go in until it is settled whether it is an accurate copy or not. I do not know whether it is a copy.

The CHAIRMAN. It appears to the Chair that the proper way would be for those gentlemen to introduce such copy as they may desire and and verify it so far as they can, and then for opportunity to be given to the other gentlemen to controvert it and make such criticism as they deem best.

Mr. LLOYD. Can you verify it at once?

Mr. BROWN. We will be compelled to send to New York for the original.

Mr. KELBY. Gentlemen, I want leave from this committee, in a very few days, and on my return home, to go into this question a little more fully than has been attempted. I want to show the telegrams and letters that have come to me from these people; and I want to say further that every telegram relating to their ability to do things, upon which we relied and with reference to which we acted, was absolutely false, and I say that fraud vitiates everything into which it enters.

Mr. STEWART. I want to say this, that that paper we submitted to you shows that Mr. Kelby himself passed upon the responsibility of the underwriters of these bonds, whom we were to have approve them. The contract shows that.

Mr. KELBY. How could Mr. Kelby pass upon the responsibility of the underwriting before it was executed?

Mr. STEWART. There it is [indicating paper].

Mr. KELBY. That is all right. I do not care about the allegation itself, but I want to say to you that when that contract was executed your underwriting was not. We never even could get a satisfactory statement out of you or your brother as to the financial responsibility of these people.

Mr. STEWART. I do not want to go outside of the contract. I want to live by the contract.

The CHAIRMAN. Do you yield for the observation?

Mr. KELBY. I think that he has completed his observation.

Mr. STEWART. I have said all that I wanted to say.

The CHAIRMAN. Have you stated fully the matter in difference between you? What is this company—the Akron, Sterling and Northern? What company do you represent?

Mr. KELBY. I represent the Trans-Alaska Railroad.

The CHAIRMAN. The Trans-Alaska Railroad?

Mr. KELBY. Yes, sir.

The CHAIRMAN. Have you stated fully the matter in difference between these corporations?

Mr. KELBY. I will simply add to what I have said by stating that there has never come to us anything in the way of money or an equivalent.

The CHAIRMAN. What, in brief, is the charge which they make?

Mr. KELBY. They simply say that we sold out to them, received their money, and now are coming in here and opposing something that they expect to do in the future.

Mr. BRICK. You say that you did not get any money or its equivalent; did you get any bonds?

Mr. KELBY. Not yet.

Mr. BRICK. Or anything, by the transfer?

Mr. KELBY. We have not got any bonds yet.

Mr. BRICK. You had a promise of bonds, did you?

Mr. KELBY. A conditional promise, provided everything that the contract had provided for would be done. It has not been done.

Mr. BRICK. Have you received the bonds yet?

Mr. KELBY. No, sir.

Mr. BRICK. Has anybody?

Mr. KELBY. Not that I know of.

Mr. STEWART. The bonds are deposited to the credit of these gentlemen in the Knickerbocker Trust Company in New York.

Mr. THAYER. I do not understand why we should take up our time with this controversy. The company that has the best lay out, why should not we grant this privilege to them, whether it has sold out or bought out?

The CHAIRMAN. I think that it is only right for us to hear both sides of this. There were charges made here at the former hearing, and I think it is proper that we should hear what these gentlemen have to say.

Mr. THAYER. Are we to decide the differences in the interests of these two companies, one against the other?

The CHAIRMAN. No, sir; not at all. But I think that we should hear them.

Mr. THAYER. Let them go into the newspapers and settle it. We are not concerned in it.

Mr. KELBY. I just wanted an opportunity to resent the imputation that we had sold out our interests and been paid for them, and that we were guilty of fraud in our representations here. We have not been, and the gentlemen can not assert it. I may want the opportunity, Mr. Chairman, to file a further statement here.

STATEMENT OF MR. EDWARD GILLETTE, SUPERINTENDENT OF THE CHICAGO, BURLINGTON AND QUINCY RAILROAD, OF SHERIDAN, WYO.

Mr. GILLETTE. Mr. Chairman, my part of the work regarding this railroad proposition has been entirely devoted to the engineering. I went to Alaska and surveyed the line from the coast up over the summit of the Coast Range.

The CHAIRMAN. Representing what corporation?

Mr. GILLETTE. Representing the Akron, Sterling and Northern.

The CHAIRMAN. When did you do that?

Mr. GILLETTE. Along in 1899 and 1900. I was chief engineer of the road, but most of the surveying was done by an engineer named Henry Deyo, whom I employed. We had three parties in Alaska—two transit parties and a trail-making party—so that we could

get to our work between different divisions. One of these parties in making the trails did considerable construction work along the line of this proposed route, and we carried a definite location—a final location—up to the summit. The point was that if we could get a practicable line from the coast up to the summit of the coast range, the country beyond that, toward the interior, was practically level; there were no engineering features to be overcome.

The CHAIRMAN. How far is it to the summit?

Mr. GILLETTE. To the summit is 34 miles. We tried two divides. One was about 3,000 feet high and the other was 1,780 feet high. We selected the lower of the two summits. There was no snow there when the higher summit was covered with snow. It also appeared that there would be great difficulty in getting through the Keystone Canyon.

The CHAIRMAN. Where was that?

Mr. GILLETTE. On this route from tide water up to the summit we had to go through a canyon.

The CHAIRMAN. Which was known as the Keystone Canyon?

Mr. GILLETTE. Yes, sir; known as the Keystone Canyon. And I found that the difficulties were not very great. There was only 4 miles of this canyon. I had located for the Rio Grande Railroad and had for twenty-five years been locating railroads in the Rocky Mountain country, and I found that there was very much less difficulty in locating a railroad over this route than in many places in the United States.

The CHAIRMAN. What is the grade from the proposed southern terminus of this road to the summit, as you call it?

Mr. GILLETTE. The first 20 miles 1 per cent grade—50 feet to the mile. Then we have about 8 miles of a 3 per cent grade; and then a 2 per cent grade from there to the summit.

The CHAIRMAN. Will you put that in figures so that the ordinary man can understand it?

Mr. GILLETTE. Fifty-three feet to the mile was the grade for the first 20 miles. Then we had 8 miles of 158 feet to the mile, and then we had about 2 or 3 miles up to the summit, or the balance of that distance, which was 104 or 105 feet to the mile.

I figured that in locating this line I could start from the coast with trains and go over this first 20 miles and then have a division point there, so that we could use a helper, or have an engine to take a part of its load up to the summit, and then come back and take the other part up, and then it could go away on into the interior to an unlimited degree, as far as we would have division for your engines.

The CHAIRMAN. Is there a pretty rapid descent on the other side of the summit?

Mr. GILLETTE. No, sir. In order to get a fairly good line on the the other side of the summit, and not have it cost too much money, we adopted a grade of 66 feet to the mile.

The CHAIRMAN. For how far?

Mr. GILLETTE. About 30 miles. That is, we hit the Copper River, and in going up the Copper River the fall of the river where we went up was very small—something like 20 feet to the mile.

The CHAIRMAN. For how far?

Mr. GILLETTE. That extended up over 100 miles, and we would get there what we call in this country practically a level grade. The idea was that in hauling, as we expected to do, a large tonnage of copper

out of that country, we should not have any heavy grades opposed to it.

Coming from the summit were the main grades, the heaviest grades on the whole line through to the Yukon, but that 3 per cent grade was down grade for all of the loads. It was simply opposed to the empties in hauling them back into the country.

One gentleman has raised a question here which I would like to answer. He wanted to know why somebody else did not build this railroad up there in Alaska. It has always seemed to me that the proper party, at least, to encourage the building of that railroad, was the Government, because the Government owns all the land in Alaska. It is its property. It is developing its own property. Whether it encourages a little the building of a railroad there or not, we are safe in assuming that it will get \$10 for every one that it ever puts into that country. This railroad will open up a section of country that we feel positive, from what we have seen of it, will be not only a mineral country, but an agricultural country. You know it is warmer in that country than it is in Norway and Sweden, and we know that those countries have a large population. In Alaska we know the value of the fishing industry, and of the seal industry, but the agricultural capabilities and the mineral deposits there are things that we do not know, and that they do not have over in Sweden and Norway, and yet that country is supporting millions of people. And we feel that we can have there in Alaska perhaps the best Territory in the United States. We think that it is a land of wonderful possibilities.

I was noticing the other day in Nebraska, the western part of it is an arid region, and the eastern part is sand hills, and yet, besides supplying its own needs, that country has shipped out between seven and eight million dollars worth of products a year. Alaska is several times as large, and has resources that Nebraska knows nothing about, and we can reasonably state that the production of Alaska will be not less than \$500,000,000 a year when we get to developing it and get it going. But we can not do anything there without railroads, without this transportation; and it is not an easy thing to get people to go into that country. As Mr. Kelby has stated, it is hard to get railroad people in our own country to see the necessity of building railroads, and to get people to come so far away from New York, all the way to Alaska, and put in their money, is rather a hard proposition.

We have had in Wyoming the same question, in the Big Horn basin, and there are wonderful resources there in minerals, and in that country there is more good land to irrigate, and there are more streams than in all of the rest of the State combined; and yet it is absolutely impossible for us to get the railroads to build into that country. They wait now for the people to go into a country before they build the railroads, and that is almost impossible in this case. You can not get the people to go into Alaska without transportation.

STATEMENT OF MR. J. W. IVEY, OF ALASKA.

The CHAIRMAN. Mr. Ivey, what is the extent of these coal fields?

Mr. IVEY. The extent of the Kayak coal fields, so far as known at present, is about 10 miles wide by 30 miles long.

The CHAIRMAN. Locate these fields. We want your remarks standing alone to indicate just the location of these fields.

Mr. IVEY. They are about 10 miles inland from Controller Bay, on the south coast of Alaska, about 140 miles southeast of Valdez, and about 30 miles east of the mouth of the Copper River.

The CHAIRMAN. What is the character of this coal?

Mr. IVEY. It is known as semianthracite, and runs very high in fixed carbon. The measures run in depth from 7 to 40 feet. It is said to be the equal of the best Pennsylvania or Welsh coal. It is a very important discovery, as the Pacific coast is short in high grade coal. This coal will find a market in Alaska, the Pacific coast States of the United States, as well as in China and Japan.

Mr. RODEY. Are the coal measures tilted or flat?

Mr. IVEY. They are tilted to about 80 or 85 degrees.

The CHAIRMAN. This is a hard coal, is it?

Mr. IVEY. Yes, sir; it is semianthracite and quite hard. Doctor Martin, of the Geological Survey, made an examination of this coal a year ago last summer and reports the coal as being high grade and in large quantities. A more extended examination was made during the past summer by the same Department, the report of which has not yet been published, but it is understood that it confirms the previous report and settles the question as to the quantity and quality of the coal.

The CHAIRMAN. This coal field would be near the southern terminus of one of these railroads, would it not?

Mr. IVEY. Yes, sir; the company represented by Mr. Burleigh is to start from this coal field. You can hardly overestimate the value of this coal discovery to the commerce of our country when you consider the fact that we have no very high grade steam coal on the Pacific coast. It will be of inestimable value in our commerce with the Orient, which is showing a very rapid annual increase.

This coal will find a market in China and Japan, where vast purchases are now being made from Europe of an inferior grade of coal with a much longer haul.

The CHAIRMAN. How far would it be by water to the coal field?

Mr. IVEY. A railroad 30 miles long would take the coal to a first-class harbor.

The CHAIRMAN. What would be the difficulty of running a railroad this 30 miles?

Mr. IVEY. The ground is perfectly level, and it could be constructed very cheaply with the exception of a bridge across the Copper River.

The CHAIRMAN. Is that ground frozen to any depth?

Mr. IVEY. No, sir; about 10 miles from this coal there is what might be called a harbor—that is, it might be made into a fair harbor by the expenditure of considerable money in constructing a breakwater—but I doubt if the harbor would be sufficiently large to enter upon an extensive commerce in this coal. I think it would be better judgment to construct the 30 miles of railroad and bridge the Copper River.

Mr. POWERS. How long would the bridge be?

Mr. IVEY. It depends as to where it is built. At the mouth of the river it would be very long, but a few miles above the river narrows to a reasonable width for a bridge.

The CHAIRMAN. Would not this coal field pay a transportation company or a railroad company for the construction of the railroad to the extent of 30 miles?

Mr. IVEY. Beyond question it would pay handsomely, but this coal has been discovered for three years, and up to this time no company has come forward to build the railroad.

Mr. BURLEIGH. We consider that to build a suitable harbor with bunkers and terminals—to construct a harbor and put it on a going basis—would cost \$2,000,000. We have not any doubt that it would pay and the coal is absolutely essential to the operation of a railroad to the Yukon, as we think it would reduce the operating expenses one-half, at least, if not more, to have the coal on the line.

Mr. IVEY. Gentlemen of the committee, I most earnestly hope that you may see your way clear to approve this bill. This great trunk line of railroad through American territory in Alaska from the coal fields on the coast to Eagle City, on the Yukon, will beyond any doubt open to trade and commerce one of the greatest mining districts in the world. It is an empire within itself. Without this railroad it is practically valueless, and I appeal to you to-day in behalf of the hardy pioneers of that region, who have uncovered this great wealth and who year after year since these discoveries have with great difficulty packed into that country the food and implements necessary to do the annual assessment work required by law, in order to hold their property.

The question of transportation is the most vital question confronting the Alaskan people. They have discovered its wealth, but they are powerless to develop it without transportation facilities.

Will the Government lend its aid to this enterprise?

Beyond any question this road will pay and pay handsomely from the first 50 miles of completed construction. The miners who have braved and borne the hardships incident to the prospecting of that country for many years are growing old, some of them prematurely old, and unless aid come soon in the way of a railroad many of them will have to surrender their holdings and lose all that it cost them.

With the completion of this railroad these large coal fields will be developed and their products used in the growing commerce of the Pacific. Great smelters will be constructed for the reduction of the vast copper wealth of that region. Millions of acres of gold-bearing placer ground, reaching from the Tanana Valley to the Yukon, the terminus of this road, will be worked with profit.

Stock raising and agriculture will follow the development of its mineral resources, great towns will be built, and the district will be inhabited permanently by tens of thousands of hardy, industrious, and wealth-producing citizens.

The United States will be benefited by the great increase of trade and commerce, nor will they ever lose a dollar on account of the extension of their credit to this great enterprise.

And what more than all these considerations is that relief will come at last to the prospectors and pioneers through whose exploitations this wealth has become known, the story of whose hardships, courage, and endurance has never yet been told.

STATEMENT OF R. S. RYAN, OF NOME, ALASKA.

Mr. RYAN. Mr. Chairman, I may state that I, in an unofficial manner, represent the people of the second judicial division of Alaska. I come here with that authority on behalf of those people.

The CHAIRMAN. Have you had experience as a railroad man?

Mr. RYAN. Yes, sir.

The CHAIRMAN. What has been your experience?

Mr. RYAN. About eighteen years.

The CHAIRMAN. Upon what roads have you been engaged?

Mr. RYAN. I built the Cheyenne and Northern in Wyoming, the Denver, Texas and Gulf Railway, the Colorado and Western Railway, the Beatrice and Lincoln branch of the Union Pacific, and many small ones.

The CHAIRMAN. How long have you been in Alaska?

Mr. RYAN. Eight years.

The CHAIRMAN. Proceed.

Mr. RYAN. Next to a foundation of force a foundation of taxes is the weakest on which to build and develop a country, and the latter unfortunately seems to be the policy inaugurated and maintained by past Governments in Washington toward our Territory. I am glad to say, however, that the present Administration and the sentiment of Congress convinces me that the latest school of political economy is fast superseding the olden ideas, and is holding that the Government ought not to be a mere passive protector of the people as well as a tax gatherer, but that it ought to be an active, efficient agency in promoting the public good. The older school of political economists held that a government was best which governed least, but I believe the modern political thought maintains that the Government should be an active, potential cause in the promotion of public welfare. I formulated my own thought in these two propositions, that no party was fit to be intrusted with the ruling power that could not and would not actively contribute to the production of public wealth and would not see to it that public wealth thus produced was justly distributed among the people. I believe these propositions to touch the fundamental principles of the day, and I think the political activity of our honorable President shows a keen appreciation of the best principles of government and political economy.

I am firmly convinced that the policy which has led our Government to spend million upon million on the rivers and harbors of the United States and in subsidizing the great transcontinental railways which have so developed our western country must lead them to see the justice and prudence of developing with public subsidy the immeasurable treasures of our Alaskan territory. I am firmly attached to the principle that for military and commercial purposes no part of the possessions of this great Republic must be weaker than the strongest part. I now come before you to advocate and ask on behalf of the people of Alaska your assistance in the development of that great Territory, and to say to you that not only are the people of Alaska prepared to shoulder their share of the financial burden, but that the business people of Seattle, financially and commercially interested in Alaska, who know and believe in the great wealth which the Territory contains and who realize the immensity of its growing business year by year, authorize me to say that they, too, are willing to assist in such development as the United States may undertake for the country. They plainly see and urge upon you the necessity of railroad transportation for the development of its resources, and to urge upon you your duty toward this distant Territory in assisting in its development

by subsidy such road or roads as are necessary, but without which its natural resources must continue to lie dormant. Great as its resources undeniably are, railroads, owing to the remoteness and great extent of the Territory, can not be built there to any considerable extent for years to come without Government aid.

I desire to ask you gentlemen what insular possession of the United States has or in the near future will continue to show such tremendous profits on the credit side of the national ledger?

I have listened with more than passing interest to the many propositions which have been submitted to you by gentlemen asking aid for roads confined to certain localities, and as a gentleman put it, "to effectuate the recommendation which was contained in the President's message through their efforts." I note with pleasure that your attention has been drawn to the need and necessity for such railroad legislation as will develop this particular locality, and also to the great mineral resources which would be developed by any of the separate propositions—its great coal beds back of Kayak, its copper deposits in the valley of the Copper River—but speaking on behalf of the people of the Northwest, I do not think that any of the propositions submitted to you are general or comprehensive enough for the purpose hoped to be obtained by legislation on this matter to the Territory at large.

I do not wish to be misunderstood in my position here to-day. I now and have always advocated the development of the interior of the country by subsidized transportation, and my voice will be always found raised in favor of the man or body of men who are working unselfishly and legitimately toward that end.

The proposition embraced in the numerous bills presented to you for the construction of a line of road from Prince William Sound to or near Eagle City will not accomplish by any means the desired relief expected in the great Tanana district, Kyokuk, and last but not least the Seward Peninsula, whose output to-day is nearly as great as the rest of Alaska combined. The Tanana district contains between 7,000 and 10,000 people. The Kyokuk district, which lies to the north of the Yukon River and east of the Seward Peninsula, will, to the minds of many who have prospected that country, equal if not excel the other great mining districts, and last but not least the great Seward Peninsula with its 12,000 people, and on whose shores annually are landed 100,000 tons of merchandise. These districts demand a more comprehensive plan for the construction of a trunk line of road from open water on Prince William Sound, by which means they would be secured the full benefits which the Government hope to give them by aiding in such development.

It is only natural to suppose that if the United States Government accepted one of the present propositions before you—i. e., the building from the Sound to Eagle City, and in the construction of which five years time would be consumed—it would simply mean that the rest of the Territory, great as its resources are, would continue to lie dormant awaiting the result to the Government of its investment in this particular locality. I believe, and I have reasons for such belief, that the Government is willing and anxious to aid Alaska in a trans-Territorial road. But I further believe that the route which such line will follow must be a practical one and carry with it the indorsement of the Army and meet in every way present and future

requirements. It must be one which will be laid out to do the greatest amount of good to the greatest number of the people. I do not think it fair at this time to the people of Alaska that any other plans or propositions, whether for personal, private, or public enterprise, should be allowed to encroach on the time of Congress or this subject. With the assistance of gentlemen high in both branches of Congress, with the advice of the Administration and the War Department, a proposition looking toward such development as outlined is under advisement, and it is hoped that with such able assistance a plan comprehensive and large enough and completely shorn of personal selfish or local interests will be submitted to Congress and I hope meet with their approval. I believe, gentlemen, that by such means we will reach a finality of this great question, and that it will be one which will insure to the Government good faith in this great undertaking and give to the people of Alaska the relief intended and so long needed by them.

I thank you.

THE HUBBARD-ELLIOTT COPPER MINES
DEVELOPMENT COMPANY OF ALASKA,
Chicago, February 13, 1905.

Hon. EDW. L. HAMILTON,
House of Representatives, Washington, D. C.

DEAR SIR: We beg to acknowledge receipt of copy of hearings before the Committee on the Territories of the House of Representatives on bills Nos. 18526 and 18533, contents of which are of vast interest to this company, and we hope that your committee will consider them favorably. They are both bills of merit and if passed will add more to the commercial resources of this country than any measure which could be acted upon.

The concessions and privileges asked for by these two projected lines of railroad do not interfere in any way with the construction of both lines, as it is intended that one shall build from Valdez to the Yukon and the other from the mouth of Copper River to the Yukon. In any event there is sufficient tonnage along the right of way which these companies ask to be granted to more than support such enterprises. It may be that the Trans-Alaskan Railroad would reach the vast resources of the Copper River Valley in advance of the Alaska Railroad Company, and we are willing to guarantee to the former a minimum tonnage of 500 tons of ore a day at a rate satisfactory to the promoters of this railroad for an unlimited term of years, and as the latter road would possibly be delayed some time in reaching our properties, it will be safe for us to guarantee that we will have a minimum of 500 tons a day for that road also on the same terms as we would guarantee the former road. The available tonnage in the Copper River Valley, especially in the copper belt, is not a myth or a matter of conjecture, but is an absolute certainty, as this immense burden is known to exist by hundreds of men who have investigated this portion of Alaska.

The building of these railroads would be a considerable tax on private capital, and would be delayed possibly a number of years, and we believe that the Government should encourage the further development of that vast and prolific Territory by granting the concession

asked for. The development of Alaska so far as reached to-day, is the entire work of the prospector, and when we consider the great benefits which the United States in general has derived from those efforts we feel that we are not asking too much for the Government to aid us in further development work there. We have not alone cut and constructed the main trails into the heart of that country, but we have maintained our lines over these stores of mineral wealth by the hardest toil and great expense, due to this primitive means of transportation. Our properties, which embrace nearly 1,000 acres of ground, and which are now under patent, have cost this company in the aggregate about \$100,000; a claim thus far, the biggest item of which has been the excessive cost of transporting our supplies, and which in the aggregate brings the cost of such provisions up to \$1.25 a pound landed on Elliott Creek, or only a distance of 7 miles from the water. Notwithstanding all this, the statistics of commerce between the United States and Alaska show conclusively that if the same aid as granted to the Philippines is granted to us the benefits to be derived by this Government will be vastly greater than can be shown by the commerce of the Philippines.

The writer has spent eight years in Alaska and is thoroughly conversant with all the features of that country, having made the trip into the interior back up the Copper River and in by the way of Valdez, and in building these lines of railroad there would be no serious obstacles to overcome in their construction. The prospector thus far has confined himself to locating only the richest portions of that country, and there are ledges of rock containing gold, copper, and tin which up to this time it has been impossible for the prospector to burden himself with on account of the excessive hardships in getting the necessary supplies in to do his assessment work, but which will be developed into splendid paying propositions as soon as the means of transportation are afforded him. The railroad built along the proposed lines of these two railroads will cut off Canadian competition, and all the freight that is now sent into the interior by way of Dawson will be carried by these lines. The interior of Alaska, which for many months of the year is icebound and is cut off from the outside commercial world through lack of transportation, will take advantage of this means of getting their supplies in at any time during the year. This particularly pertains to the freight which is sent into the interior during the summer months by the way of St. Michael or the Yukon River.

To illustrate the rapid growth of that country, with the facilities we have had of making our wealth known to the world, would say that five years ago the coast town of Valdez had a population of less than one hundred people. To-day we have a population of 1,500 souls. We have a municipal government, schools, electric lights, and everything that goes to make a modern town. All this has been accomplished by a few and under the most adverse conditions. The vast product of our mines will not enter directly into competition with the producers of the same metals in this country. It may have a tendency to equalize the cost of consumption, but it will not in the main prove harmful to the vast mining interests in the United States, as we in Alaska will be more closely in touch with the countries of the Orient, which are now being more fully developed than ever, and for which commerce the producers in the Middle States have not heretofore been called upon to supply, consequently, by opening up this new field of Alaska we are

keeping pace with the present development of countries which were not before considered in a commercial way.

It is unnecessary for me to cite the figures published by the Department of Commerce and Labor. However, a comparison made therein between that of the Philippines and Alaska shows conclusively that Alaska has produced more outside of her gold by 100 to 1 than the Philippines; hence, why should we not be accorded the same assistance? We are glad to note that we have so able an advocate of our wants in Mr. Burleigh, and trust that your committee will give him ample time and consideration to place the facts before you.

While all this redounds to our personal benefit, we wish it understood that it is rendered in a most unselfish way, as the future of the entire Territory of Alaska is in the hearts of all men who have spent the best years of their lives there, and we know its grand future possibilities.

Trusting that it will not inconvenience you too greatly in keeping us informed as to the action in these matters taken by the House, and that you will kindly send me six copies of the pamphlet you sent me to-day, I am,

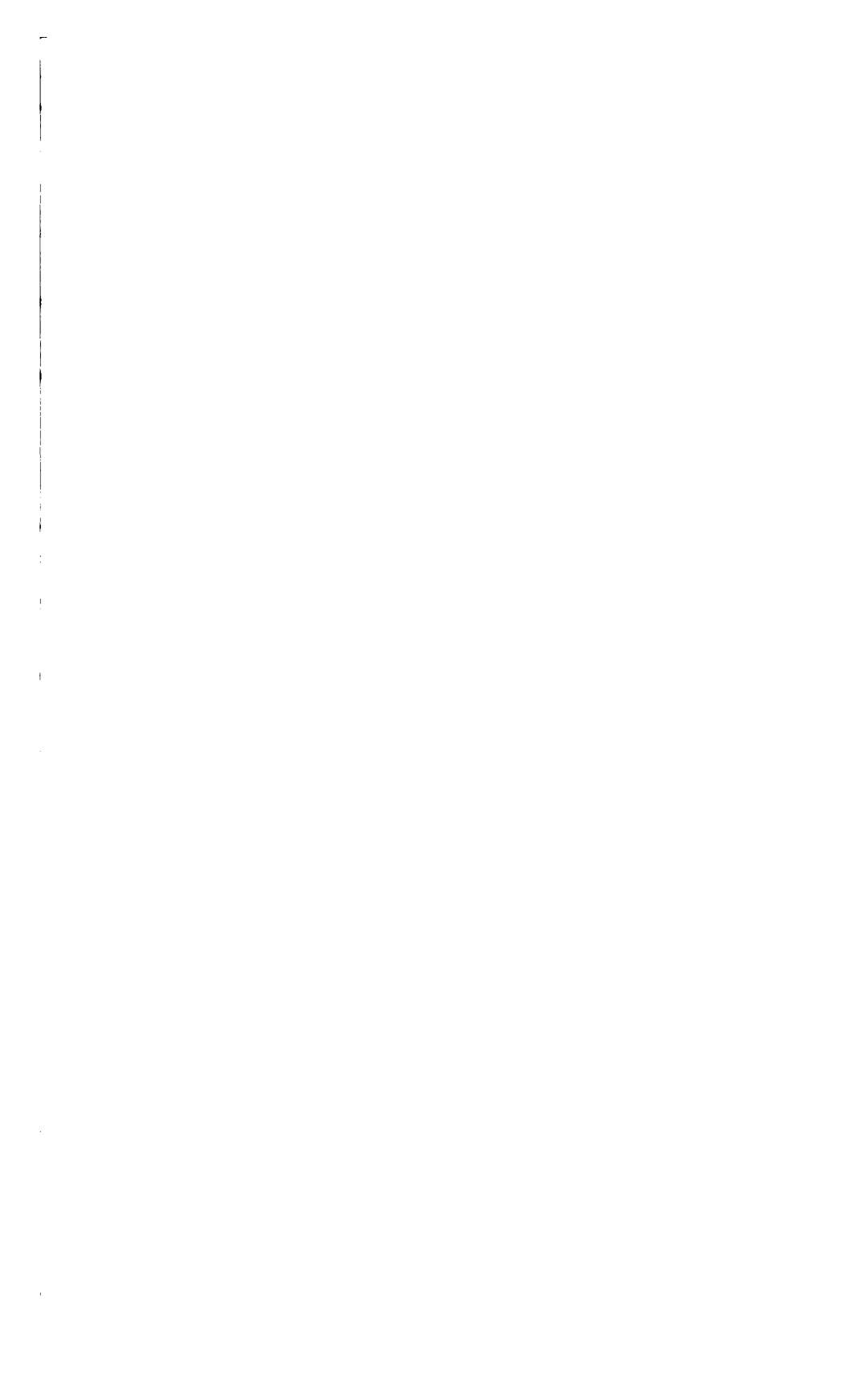
Yours, very respectfully,

H. CURTIS ELLIOTT, *President.*

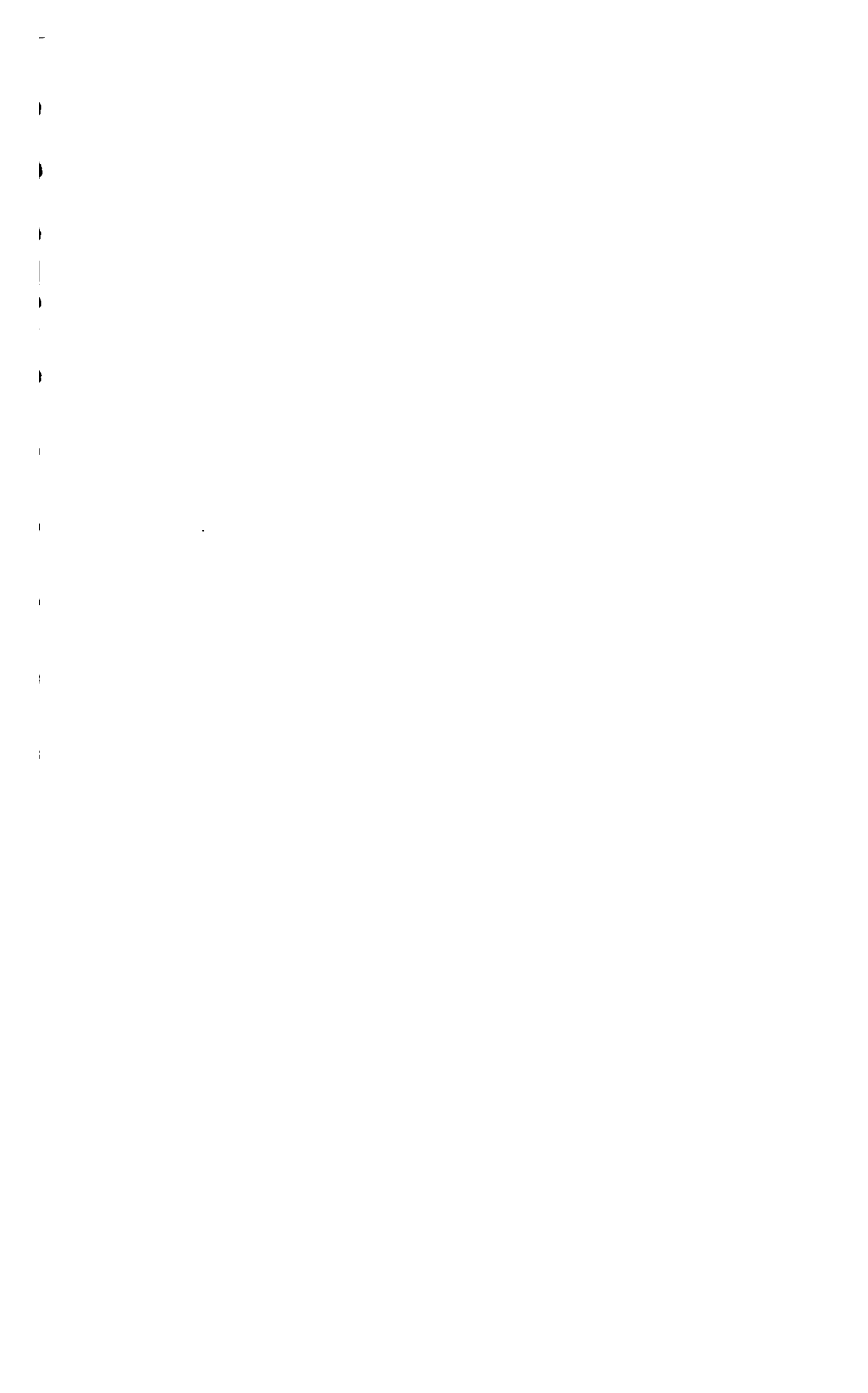
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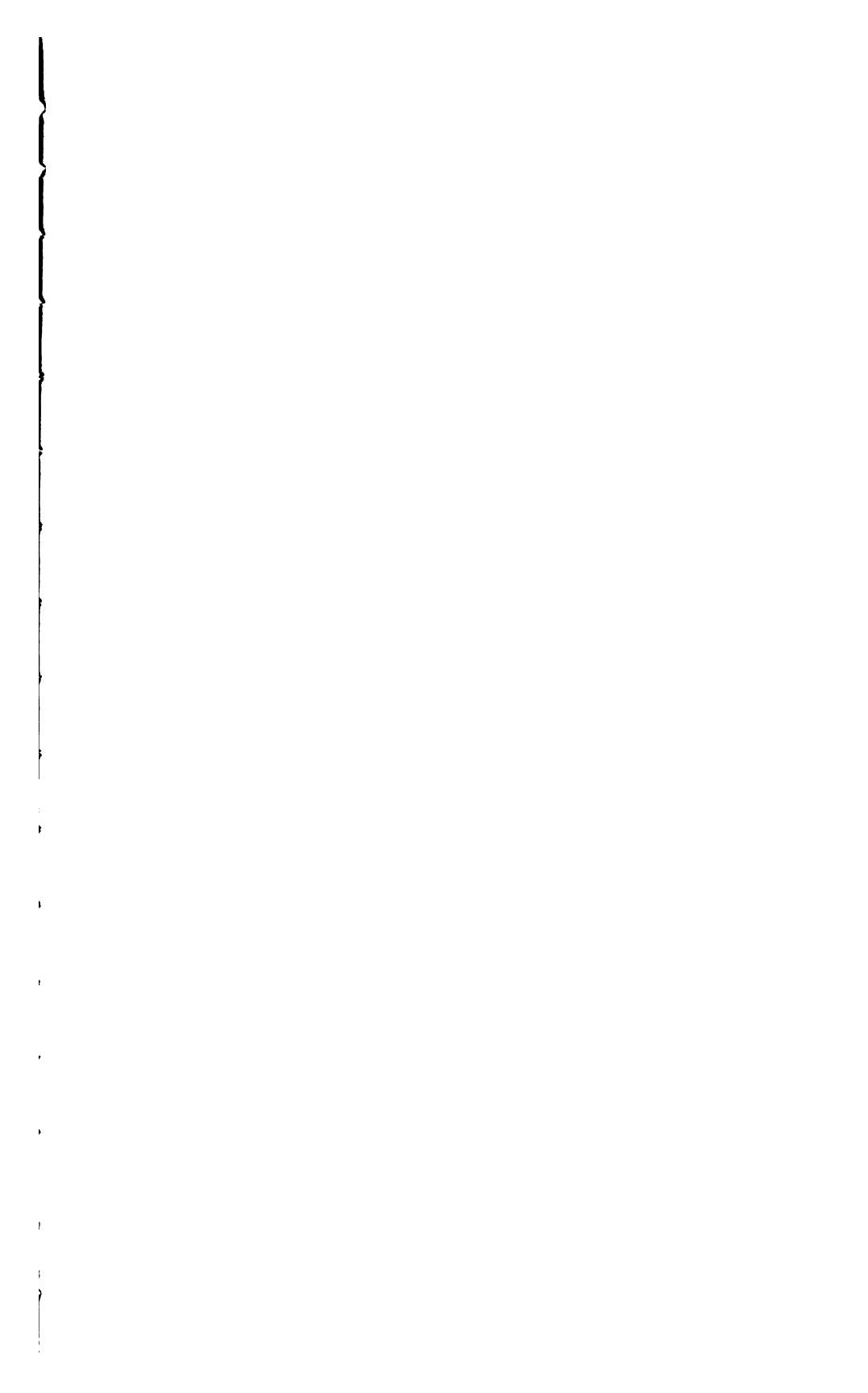
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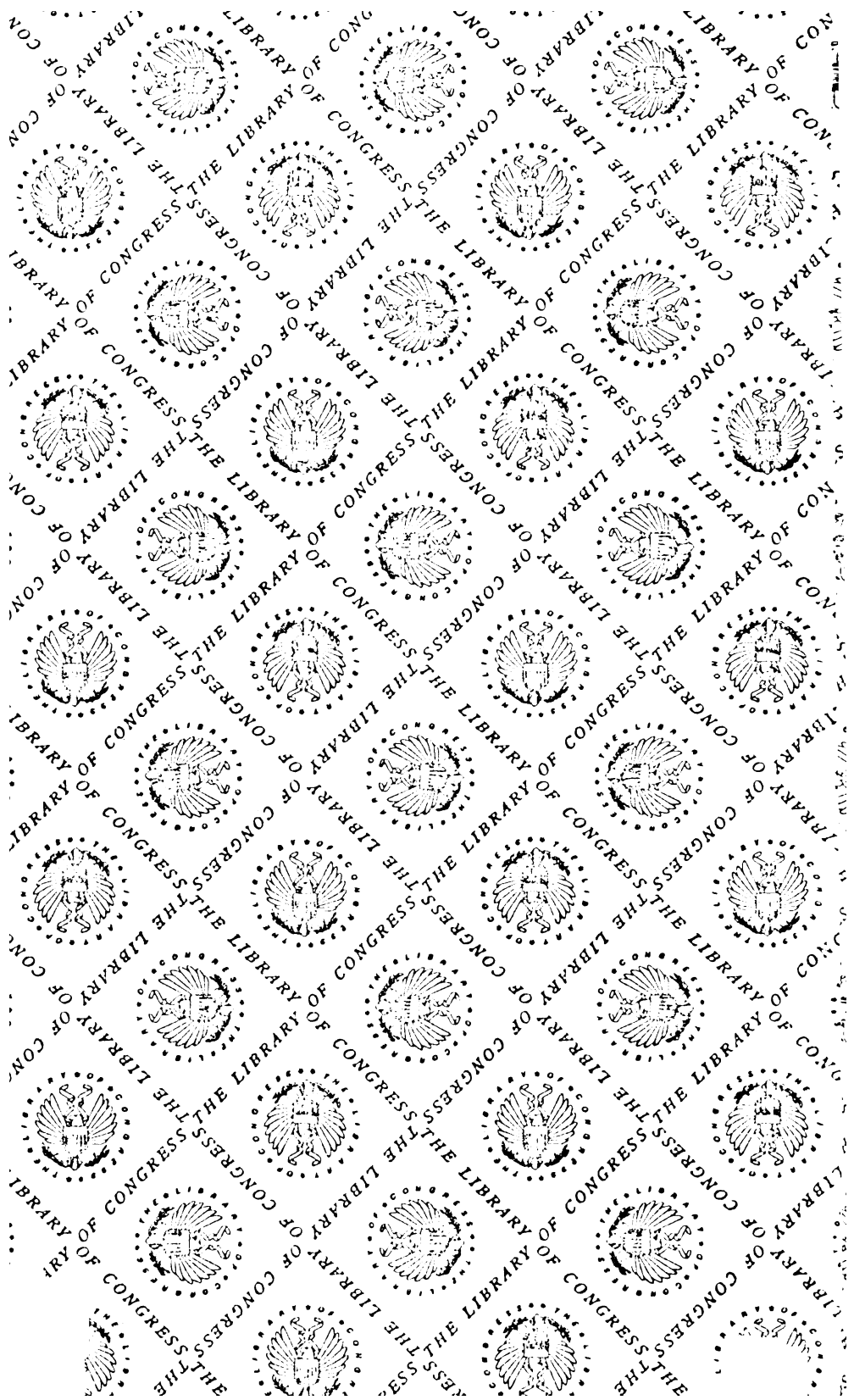






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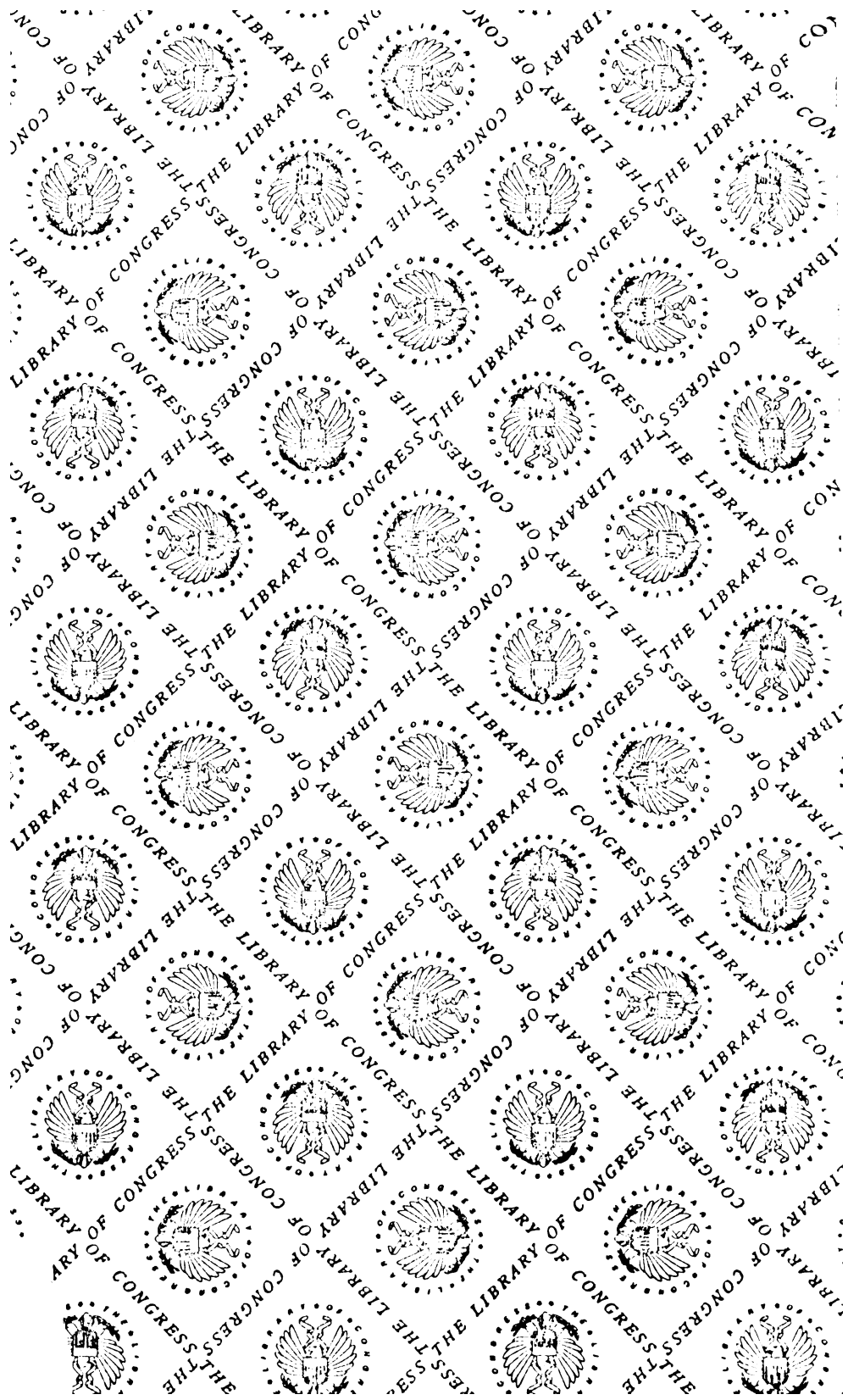
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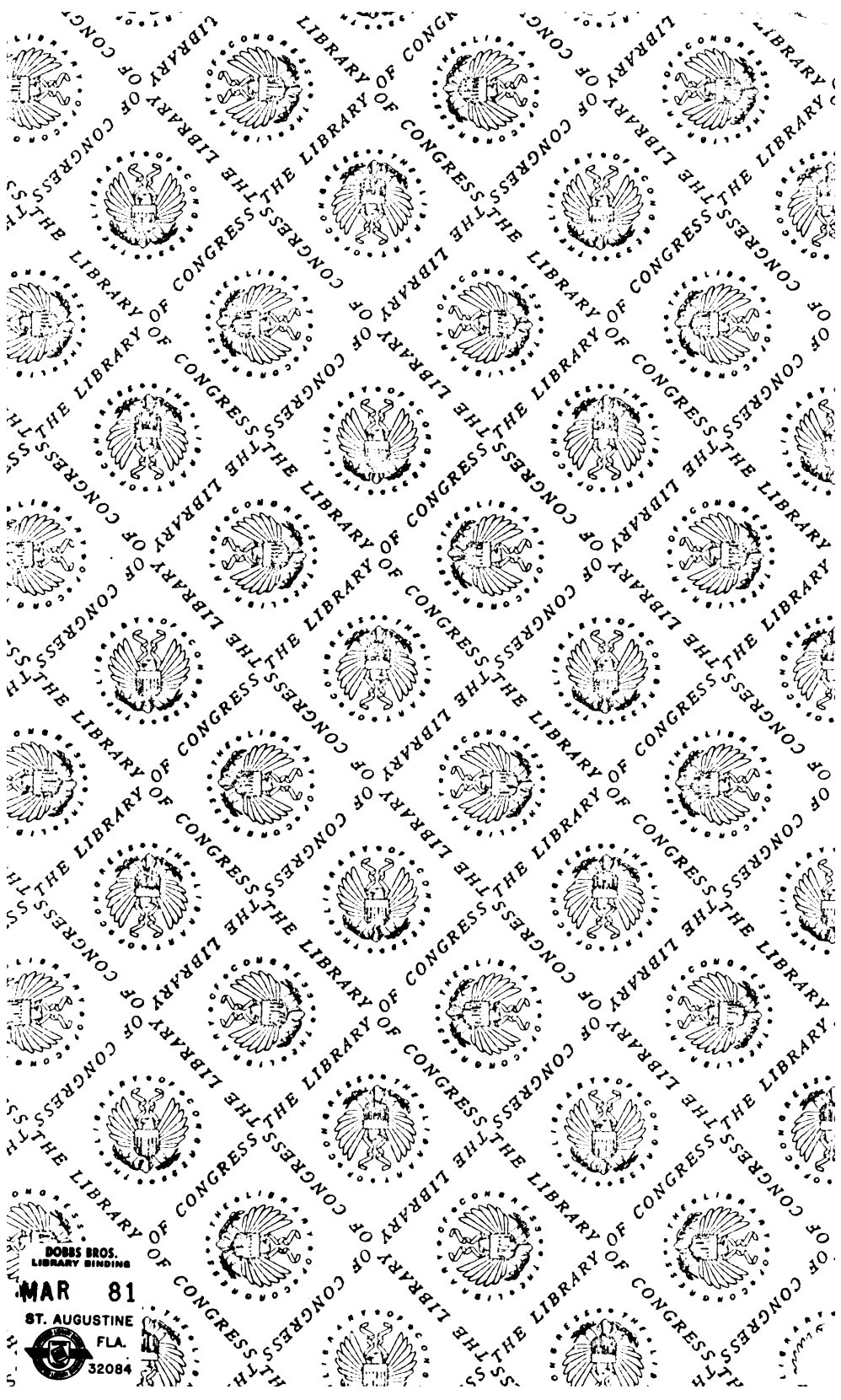
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